Revises public finance laws and procedures.
Appropriates moneys collected for bond services provided by State Treasurer to State Treasurer.

A BILL FOR AN ACT
pealing ORS 223.905, 223.910, 223.915, 223.920, 223.925, 286.010, 286.020,
286.031, 286.033, 286.036, 286.038, 286.041, 286.051, 286.056, 286.058, 286.061,
286.063, 286.066, 286.071, 286.078, 286.105, 286.115, 286.125, 286.135, 286.145,
286.505, 286.507, 286.515, 286.525, 286.535, 286.545, 286.635, 286.700, 286.705,
286.710, 286.715, 286.720, 287.001, 287.003, 287.004, 287.006, 287.007, 287.008,
287.012, 287.014, 287.016, 287.018, 287.020, 287.022, 287.025, 287.028, 287.029,
287.033, 287.036, 287.038, 287.042, 287.045, 287.049, 287.052, 287.053, 287.054,
287.055, 287.056, 287.058, 287.062, 287.064, 287.066, 287.069, 287.070, 287.072,
287.074, 287.075, 287.140, 287.142, 287.144, 287.146, 287.202, 287.204, 287.206,
287.208, 287.210, 287.212, 287.214, 287.216, 287.218, 287.220, 287.252, 287.254,
287.256, 287.258, 287.260, 287.262, 287.264, 288.010, 288.020, 288.030, 288.040,
288.050, 288.060, 288.070, 288.090, 288.100, 288.110, 288.120, 288.150, 288.155,
288.460, 288.500, 288.505, 288.513, 288.515, 288.517, 288.518, 288.520, 288.523,
288.590, 288.592, 288.594, 288.596, 288.598, 288.600, 288.605, 288.610, 288.615,
288.805, 288.815, 288.825, 288.835, 288.845, 288.855, 288.865, 288.875, 288.885,
288.895, 288.915, 288.925, 288.935, 288.945, 288.950, 293.173, 293.292, 328.235,
358.395, 358.400 and 450.935; and appropriating money.

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

STATE BONDS

SECTION 1. Sections 2 to 5, 7 to 12, 16 to 27 and 34 of this 2007 Act are added to and made a part of ORS chapter 286.

(Definitions)

SECTION 2. As used in this chapter:
(1) “Agreement for exchange of interest rates” means a contract, or an option or forward commitment to enter into a contract, for the exchange of interest rates that provides for:
   (a) Payments based on levels or changes in interest rates; or
   (b) Provisions to hedge payment, rate, spread or similar exposure including, but not limited to, an interest rate floor or cap or an option, put or call.

(2) “Bond”:
   (a) Means:
      (A) A general obligation bond or a revenue bond; or
      (B) Any of the following that exceeds $100,000:
         (i) A certificate of participation.
         (ii) A financing agreement.
         (iii) A note.
         (iv) A line of credit that is executed to borrow money.
         (v) A contractual undertaking of the State of Oregon to repay borrowed moneys that is authorized by law.
   (b) Does not include a credit enhancement device.

(3) “Certificate of participation” means a financing agreement entered into by the State of Oregon, an agency or institution of the State of Oregon under ORS 283.085 to 283.092 or a public corporation under ORS chapter 353, or any certificate of participation issued under such financing agreement.

(4) “Conduit revenue bonds” means bonds:
   (a) The proceeds from which are administered and used by an entity that is not a state agency or public body;
   (b) For which the moneys pledged, and from which the bonds are payable, are moneys generated by an entity that is not a state agency or public body; and
   (c) That are issued by the State Treasurer.

(5) “Counterparty” means an entity with whom the State of Oregon
enters into an agreement for exchange of interest rates.

(6) “Credit enhancement device”:
(a) Means a letter of credit, standby bond purchase agreement, bond
insurance policy or other device or facility used to enhance the
creditworthiness or marketability of bonds; and
(b) Does not include a bond.

(7) “Credit enhancement device fee” means a payment required to
be made to the provider of a credit enhancement device securing a
bond.

(8) “Debt service” means payment of:
(a) Principal, interest, premium or purchase price of a bond;
(b) Credit enhancement device fees;
(c) Amounts necessary to fund bond debt service reserves; and
(d) Regularly scheduled amounts due under an agreement for ex-
change of interest rates.

(9) “Financing agreement” means a lease purchase agreement, an
installment sale agreement, a loan agreement or any other agreement
to finance real or personal property that is or will be owned and op-
erated by a public body, or to refinance previously executed financing
agreements.

(10) “General obligation bond” means a borrowing of the State of
Oregon that is secured by the full faith and credit of the state and the
taxing powers of the state.

(11) “Proceeds” means moneys derived from the sale and issuance
of bonds.

(12) “Public body” means:
(a) A county;
(b) A city;
(c) A local service district as defined in ORS 174.116;
(d) A special government body as defined in ORS 174.117;
(e) Oregon Health and Science University; or
(f) Any other political subdivision of this state that is authorized by the Legislative Assembly to issue bonds.

(13) “Refunding bond” means a bond of the State of Oregon that is issued to refund a bond on a current, advance or forward delivery basis.

(14) “Related bond” means a bond for which the State of Oregon enters into an agreement for exchange of interest rates.

(15) “Revenue” means the tax revenues, fees and other moneys of the State of Oregon.

(16) “Revenue bond” means a borrowing that is solely secured by a pledge of specific revenues of the State of Oregon.

(17) “State agency”:

(a) Means a statewide elected officer or a board, commission, department, division, authority or other entity, without regard to the designation given to the entity, that is within state government, as defined in ORS 174.111; and

(b) Does not include:

(A) A statewide elected judge or the State Treasurer;

(B) A local government, as defined in ORS 174.116, or a special government body, as defined in ORS 174.117, except to the extent a special government body must be considered a state agency in order to achieve the purposes of Article XI-K of the Oregon Constitution; or

(C) A semi-independent state agency listed in ORS 182.451, 182.454, 377.835 or 674.305, or any other state agency denominated by statute a semi-independent state agency.

(18) “Termination payment” means the amount payable under an agreement for exchange of interest rates by one party to another party as a result of the termination, in whole or part, of the agreement prior to the expiration of the stated term.
(Duties of State Treasurer)

SECTION 3. (1) The State Treasurer shall issue all bonds.
   (2) The State Treasurer may issue bonds only if:
      (a) Unless otherwise expressly authorized by law, a state agency has
          authorized the issuance of the bonds; and
      (b) The State Treasurer approves issuance of the bonds.
   (3) In determining whether to issue bonds, the State Treasurer shall
       consider:
       (a) The bond market for the type of bonds proposed for issuance;
       (b) The terms and conditions of the proposed issue; and
       (c) Any other relevant factors that the State Treasurer considers
           necessary to protect the financial integrity of the State of Oregon.
   (4) The State Treasurer may combine bonds for more than one
       program into a combined bond issue. The State Treasurer may sell
       bonds from more than one program in a single sale or in combination
       with the sale of other bonds if the combination is consistent with the
       authority under which the bonds are issued.

SECTION 4. A state agency, when requested by the State Treasurer,
shall provide the State Treasurer with all information that the State
Treasurer considers to be necessary to determine whether to approve
the issuance of bonds and, after the bonds are issued, to oversee the
administration of the bonds, protect the tax-exempt status of bonds
that are issued as tax-exempt bonds and monitor:
   (1) Compliance with federal and state securities laws and applicable
       bond covenants;
   (2) The adequacy of assumptions underlying cash flow projections
       associated with the bonds; and
   (3) The ability to repay outstanding bonds.

SECTION 5. (1) The State Treasurer may charge a state agency for
reasonable expenses of the State Treasurer in connection with the
services, duties and activities of the State Treasurer related to the bond programs or other obligations, as defined in section 18 of this 2007 Act, of the State of Oregon.

(2) The State Treasurer may charge a public body for reasonable expenses of the State Treasurer in connection with:

(a) The services, duties and activities of the State Treasurer related to the bond programs or other obligations, as defined in section 51 of this 2007 Act, of the public body; or

(b) Providing assistance to the Oregon Municipal Debt Advisory Commission.

(3) The reasonable expenses of the State Treasurer may include, but are not limited to, costs of performing fiscal or paying agent or other administrative services related to bonds that the state agency is authorized to issue or the costs of any agreement entered into by the State Treasurer with others to provide the services to the State Treasurer.

(4) The State Treasurer shall deposit all moneys received under this section in the Miscellaneous Receipts Account established under ORS 286.025.

(5) The State Treasurer shall adopt rules to implement the provisions of this section, including but not limited to rules identifying the services, duties and activities for which charges are to apply.

(6) A state agency or other public body shall pay to the State Treasurer all fees and other amounts charged under this section or under rules adopted pursuant to this section.

SECTION 6. ORS 286.025 is amended to read:

286.025. All moneys received by the State Treasurer under [ORS 286.020] section 5 of this 2007 Act shall be deposited in the Miscellaneous Receipts Account established in the General Fund for the State Treasurer. [The State Treasurer may draw warrants in payment of vouchers and drawn against the account in payment of costs of the State Treasurer or of costs of
the financial institution appointed registrar as provided for in ORS 286.010 for
printing, postage, postal insurance, and for all other expenses connected with
the registration, reregistration or conversion to bearer form of bonds of the
State of Oregon.] Moneys received under section 5 of this 2007 Act are
continuously appropriated to the State Treasurer for the payment of
any costs of the State Treasurer in the direct provision of fiscal or
paying agent or other administrative services or through an agree-
ment to provide fiscal or paying agent or other administrative ser-

vices.

(Authority for Borrowing)

SECTION 7. (1) The State Treasurer may, at the request of any
state agency:

(a) Issue bonds when any law of the State of Oregon specifically
authorizes bonds to be issued; and

(b) Issue bonds to refund previously issued bonds.

(2) In consultation with the state agency responsible for authorizing
issuance of the bonds and administering the bond proceeds, the State
Treasurer may:

(a) Sell bonds at a public, competitive sale, in a private negotiated
sale or in any other manner determined by the State Treasurer;

(b) Issue bonds the interest of which is exempt from federal income
taxes or is not exempt from federal income taxes;

(c) Establish the maturity dates, principal amounts, redemption
provisions, optional or mandatory tender provisions, interest rates or
method for determining a variable or adjustable interest rate, denom-
inations and other terms and conditions of the bonds;

(d) Determine the form and content of any bond, offering or dis-
closure document;

(e) Structure, market and issue bonds in the manner that the State
Treasurer determines is in the best interest of the people of the State of Oregon; and

(f) Invest moneys derived from the sale of bonds and moneys held by the State of Oregon to secure or pay the debt service on bonds without regard to the fund or account to which the moneys are credited under other provisions of law. Moneys described in this paragraph may be invested and accounted for separately, pooled with other moneys derived from the sale of bonds, held to secure or pay bonds or to be pooled with any other moneys invested by the State Treasurer.

The State Treasurer may:

(A) Establish funds and accounts separate and distinct from the General Fund in order to invest the bond proceeds as provided in ORS 293.701 to 293.820, and to arrange for redemption of the bonds; and

(B) Segregate or pool funds in order to promote financial and administrative efficiency and prudence in the management of bond proceeds, debt service funds and other moneys and in the administration of bond programs.

(3)(a) Subject to the approval of the State Treasurer, moneys described in subsection (2)(f) of this section may be held by a trustee under a trust agreement, indenture, bond declaration or similar instrument and may be invested by the trustee at the direction of the state agency for which the moneys are held by the trustee, including but not limited to investing in the Short Term Borrowing Account established under ORS 293.175.

(b) At the option of the state agency for which moneys are being held by the trustee, interest earned on any investment held by the trustee shall be:

(A) Credited to accounts held by the trustee;

(B) Applied to pay debt service on the bonds; or

(C) Otherwise used for any other lawful purpose for which the state agency may spend moneys.
(4)(a) The State Treasurer or a state agency may:

(A) Execute and deliver bond purchase agreements, indentures, trust agreements, auction agent agreements, broker dealer agreements, tender agent agreements, bond declarations or similar instruments and any other contracts related to the sale, issuance, security for or administration of the bonds;

(B) Enter into agreements with bond trustees and deposit funds with trustees for the benefit of bond owners and the providers of credit enhancement devices for bonds; and

(C) Enter into covenants for the benefit of bond owners or the providers of credit enhancement devices for bonds.

(b) The State Treasurer may delegate any action described in paragraph (a) of this subsection to the state agency for whose benefit the indenture, agreement, contract or covenant is executed.

(5) The covenants authorized by subsection (4)(a)(C) of this section:

(a) May include, but are not limited to, covenants regarding the issuance of additional bonds, the imposition and collection of revenues that secure the bonds, and the priority of payment of bonds; and

(b) Are intended to:

(A) Improve the security of bond owners or providers of credit enhancement devices; or

(B) Maintain the tax exempt status of interest payable on bonds or credit enhancement devices.

(6) In consultation with the state agency responsible for authorizing issuance of the bonds under section 3 of this 2007 Act and administering the bond proceeds, the State Treasurer may establish a debt service reserve for the purpose of paying when due all amounts owing on the bonds for which the debt service reserve is established. The debt service reserve may be funded out of the proceeds derived from the issuance and sale of the bonds for which the debt service reserve is being established or from other lawfully available revenues.
SECTION 8. The State Treasurer may issue bonds to provide temporary or short-term financing for long-term bonds that are authorized by law if the State Treasurer determines that it is desirable to obtain temporary or short-term financing. If bonds are issued to provide temporary or short-term financing, the State Treasurer or a state agency may pledge or otherwise secure the bonds issued under this section with lawfully available revenues, contract rights or other assets that may be used to secure the long-term bonds.

SECTION 9. (1) With the approval of the State Treasurer, a state agency responsible for administering bond proceeds may with respect to those bonds enter into a credit enhancement device agreement in order to provide liquidity or security for the bonds. The credit enhancement device shall be secured solely from the same sources of funds that the State of Oregon may legally commit to secure payment of the bonds.

(2) With the approval of the State Treasurer, a state agency responsible for administering bond proceeds may obtain a credit enhancement device providing additional security for the payment of all or any portion of the amounts owing under the bonds or for the purpose of funding, in lieu of cash, all or a portion of any debt service reserve established with respect to the bonds. The State Treasurer, after consultation with the state agency, may pledge as security for the obligations of the State of Oregon arising under or with respect to a credit enhancement device all or a portion of revenues pledged to the payment of the related bonds or from which the related bonds are payable. The obligations arising under or with respect to a credit enhancement device shall be payable from the same lawfully available revenues from which the related bonds are payable, unless the State Treasurer, or the state agency with the approval of the State Treasurer, further limits the revenues from which credit enhancement devices or credit enhancement device fees are payable.
(3) The State Treasurer may:

(a) Take any action a state agency is authorized to take under subsection (1) or (2) of this section.

(b) Issue a bond to the provider of a credit enhancement device to secure the obligations of the State of Oregon to pay amounts due to the provider.

(Bond Budget Authorization)

SECTION 10. (1) Each state agency for which the State Treasurer is authorized to issue bonds shall report the plans of the agency for the issuance of bonds during the next biennium. Each agency shall submit the agency’s report to the Governor by a date determined by the Governor. The agency shall include in the report a description of any bonds that the agency intends to retire or defease during the next biennium.

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

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

(a) Recommend to the Legislative Assembly the total amount of bonds the State Treasurer may issue for each bond program for a biennium; and

(b) Include the amounts advised by the State Treasurer pursuant to subsection (2) of this section.

(4) The Legislative Assembly shall determine the total amount of bonds the State Treasurer may issue for each bond program for a biennium. If the Legislative Assembly fails to make the determination
described in this subsection by the first day of the biennium, the au-

thorization the Legislative Assembly made for the preceding biennium 
shall be deemed to authorize bonds for the current biennium at the 
amount authorized for the preceding biennium until the earlier of: 

(a) The date on which legislation authorizing the total amount of 

bonds for the current biennium is enacted; or 

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

(5)(a) This section applies to: 

(A) General obligation bonds; 

(B) Revenue bonds; 

(C) Conduit revenue bonds; 

(D) Appropriation credits; and 

(E) Except as provided in paragraph (b) of this subsection, all other 
bonds. 

(b) This section does not apply to refunding bonds. 

(Agreements for Exchange of Interest Rates) 

SECTION 11. (1) A state agency with the approval of the State 
Treasurerm, or the State Treasurer on behalf of a state agency, may 
enter into an agreement for exchange of interest rates with a 
counterparty. An agreement may be made to manage payment, inter-

est rate, spread or similar exposure undertaken in connection with a 
related bond upon a finding by the state agency, or by the State 
Treasurerm on behalf of a state agency, that the agreement benefits the 
State of Oregon. 

(2) To the extent the treatment is consistent with constitutional 

authority, upon entering into an agreement for exchange of interest 
rates under this section and continuing until the agreement is satis-
fied, terminated or otherwise no longer in effect, provided a payment 
default has not occurred, the state agency, or the State Treasurer
acting on behalf of the state agency, may treat the amount or rate of
interest on the related bond as the amount or rate of interest payable
after giving effect to the agreement for the purpose of calculating:
(a) Taxes imposed to pay regularly scheduled bond debt service; and
(b) Other amounts that are based on the rate of interest of the
bond.

(3) Subject to covenants applicable to a related bond and the limi-
tations of this section, payments required under an agreement for the
exchange of interest rates by the state agency, or the State Treasurer
on behalf of the state agency, may:
(a) Be treated as interest payments on the related bond;
(b) Be made from revenues or other moneys contributed to pay or
lawfully available to pay the related bond; and
(c) Rank in an order of priority of payment relative to the payment
of the related bond as the state agency, or the State Treasurer on be-
half of the state agency, determines.

(4) In connection with entering into an agreement under this sec-
tion, a state agency, or the State Treasurer acting on behalf of a state
agency, may enter into an agreement that enhances or supports the
credit of the State of Oregon in the agreement or enhances or supports
the liquidity of the agreement.

(5) An agreement entered into under this section:
(a) Is not a debt or other obligation of the State of Oregon for
purposes of any limitation upon the indebtedness of the State of
Oregon; and
(b) Is subject only to the limitations of this section and is not sub-
ject to any limitation applicable to the related bond.

(6) With the approval of the State Treasurer, a state agency re-
ponsible for administering bond proceeds may use moneys derived
from the issuance and sale of bonds to pay termination payments due
under any agreement entered into under this section.
(7) The State Treasurer may adopt rules:
   a) Establishing required terms, conditions, annual or periodic reporting requirements and other requirements for an agreement for exchange of interest rates entered into by the State of Oregon;
   b) Requiring the following to meet specific credit rating standards or other conditions:
      A) A party to an agreement.
      B) The guarantor of the party.
      C) The collateral securing the obligation of the party or the guarantor of the party.
   (c) To protect the interests of the State of Oregon, if the State Treasurer determines that conditions and restrictions are necessary or appropriate to protect those interests.

   *(Tax Anticipation Notes)*

SECTION 12. (1) The State Treasurer may issue notes to finance all or a portion of the current expenses of this state. The amount of notes issued under this section at any time may not exceed the State Treasurer’s estimate of the cash flow deficit in revenues available to pay the expenses that are financed with the notes, plus amounts for reasonable reserves and costs.

   (2) To estimate the amount of cash flow deficit, the State Treasurer shall take into account the most recent cash flow forecast made by the Oregon Department of Administrative Services and any other information the State Treasurer determines is reliable and relevant.

   (3) When the State Treasurer issues notes under this section:
      a) The Oregon Department of Administrative Services shall account for and administer the proceeds of the notes and the repayment of the notes. The State Treasurer, in consultation with the Oregon Department of Administrative Services, shall determine the appropri-
ate investment strategy for the proceeds of the notes. The State Treasurer shall notify the Director of the Oregon Department of Administrative Services, the Legislative Fiscal Officer and the Legislative Revenue Officer before issuing notes under this section.

(b) The State Treasurer may pledge all or any portion of revenue to pay notes issued under this section. The State Treasurer may pledge the full faith and credit of the State of Oregon to pay notes issued under this section if the notes are payable from the Short Term Borrowing Account established under ORS 293.175 and if the notes mature not later than the end of the biennium in which the notes are issued.

(c) A state agency may use the proceeds of notes issued under this section:

(A) For any purpose for which the revenues that are pledged to pay the notes may be used;

(B) To pay principal, interest and any premium on the notes, and any rebate or penalty due to the United States in connection with the notes;

(C) To pay the cost of credit enhancement devices with respect to the notes; or

(D) To pay the cost to the State Treasurer and the Oregon Department of Administrative Services of issuing, administering or maintaining the notes, including but not limited to the cost of a consultant or adviser retained by the State Treasurer or the Oregon Department of Administrative Services.

(d) The State Treasurer may determine maturity dates, principal amounts, redemption provisions, interest rates or methods for determining variable or adjustable interest rates, denominations and any other term or condition of the notes.

(e) Proceeds of notes issued under this section may be used only to pay current expenses for which the Legislative Assembly has made appropriations, to pay the costs of issuing the notes and to fund re-
serves. The appropriations to pay those expenses authorize the expenditure of state funds to pay the notes and authorize the expenditure of note proceeds to pay the current expenses for which the Legislative Assembly has made appropriations.

(4) This section constitutes complete and independent authority for the State Treasurer to issue notes described in this section.

(5) The requirements and limitations that apply to certificates of indebtedness issued under ORS 293.165 do not apply to notes issued by the State Treasurer under this section.

(6) This section and ORS 293.175 constitute complete authorization by the Legislative Assembly for the use and expenditure of the proceeds of the notes and the revenues pledged to pay those notes for the purposes described in subsection (3)(c) of this section. No additional appropriation or authorization is necessary. The authorization contained in this section and ORS 293.175 to spend moneys for the purposes described in subsection (3)(c) of this section does not constitute an appropriation for purposes of ORS 291.357. The proceeds of notes issued by the State Treasurer under this section do not constitute revenues received by the General Fund for purposes of section 14, Article IX of the Oregon Constitution, and ORS 291.349.

SECTION 13. ORS 293.175 and 293.177 are added to and made a part of ORS chapter 286.

SECTION 14. ORS 293.175 is amended to read:

293.175. (1) The Short Term Borrowing Account is created in the General Fund.

(2) The State Treasurer shall credit the proceeds of [obligations] notes issued by the State Treasurer under [ORS 288.165] section 12 of this 2007 Act to the Short Term Borrowing Account. The State Treasurer shall, in addition, transfer to the Short Term Borrowing Account any amounts that are pledged to pay [obligations] notes issued by the State Treasurer under [ORS 288.165] section 12 of this 2007 Act and that are required to pay those
[obligations] notes.

(3) Amounts in the Short Term Borrowing Account are continuously appropriated to the respective state agencies for which the revenues that are pledged to pay the notes were appropriated, for the purposes described in [ORS 293.173 (3)(c)] section 12 (3)(c) of this 2007 Act. Amounts appropriated under this subsection may not be taken into account in preparing budget estimates, plans or reports required to be prepared under ORS 291.201 to 291.222.

(4) This section and ORS 293.173 constitute complete authorization by the Legislative Assembly for the use and expenditure of the proceeds of the obligations and the taxes and revenues pledged to pay those obligations for the purposes described in ORS 293.173 (3)(c). No additional appropriation or authorization is necessary. The authorization contained in this section and ORS 293.173 to spend moneys for the purposes described in ORS 293.173 (3)(c) does not constitute an appropriation for purposes of ORS 291.357. The proceeds of obligations issued by the State Treasurer under ORS 288.165 do not constitute revenues received by the General Fund for purposes of section 14, Article IX of the Oregon Constitution, and ORS 291.349.

SECTION 15. ORS 293.177 is amended to read:

293.177. Within 90 days following the end of a biennium, the State Treasurer shall report in writing to the Legislative Fiscal Officer and the Legislative Revenue Officer on the amount of [obligations] notes issued by the State Treasurer under [ORS 288.165] section 12 of this 2007 Act, the amount spent in repayment of those [obligations] notes, the issuance costs and interest costs of those [obligations] notes and the interest revenues earned by the proceeds of those [obligations] notes.

(Debt Limitations)

SECTION 16. When calculating compliance with a constitutional or statutory debt limit:

[18]
(1) If the debt limit is measured as a percentage of the true cash value of property, the true cash value of the property is equal to the real market value of property subject to ad valorem property taxation, as real market value is defined in section 11b (2)(a), Article XI of the Oregon Constitution, as further modified by section 11 (11), Article XI of the Oregon Constitution;

(2) The amount of interest to be paid on bonds, whether paid currently or deferred, may not be taken into account;

(3) Only the accreted value of a zero coupon or other original discount bond on which periodic interest payments are not made, on the date the bond is issued, shall be taken into account; and

(4) If a bond is issued to a provider of credit enhancement for an obligation that is subject to a debt limit, the bond shall be taken into account only to the extent to which the amount of the bond issued to the provider of credit enhancement exceeds the amount of the obligations that the credit enhancement device secures.

(Bond Issuance Requirements)

SECTION 17. (1) The State Treasurer may adopt rules providing for the procedural or administrative requirements for the issuance of bonds.

(2) The State Treasurer or the designee of the State Treasurer shall sign all issued bonds or related bond documents by manual or facsimile signature.

(Payment of Bonds: Pledges, Liens and Collateral)

SECTION 18. As used in sections 18 to 20 of this 2007 Act:

(1) “Obligation” means:
(a) A bond, a lease purchase or installment purchase obligation of the State of Oregon, or any other contractual undertaking of the State of Oregon, however denominated, to pay the purchase price of property acquired by the State of Oregon;

(b) An agreement for exchange of interest rates; or

(c) A credit enhancement device given as additional security for an instrument described in paragraph (a) of this subsection or for an intergovernmental agreement entered into under ORS chapter 190.

(2) “Operative document” means a declaration, trust indenture, security agreement or other document in which the State of Oregon pledges property as security for an obligation.

(3) “Pledge” means to create a security interest in or a lien on property to secure payment or performance of an obligation, by mortgaging, assigning or encumbering property or by creating a security interest in property by any other manner.

(4) “Pledgee” means:

(a) A trustee for the holder of an obligation; or

(b) The holder of an obligation if a trustee was not appointed in the operative document or if the operative document authorizes the holder of an obligation to foreclose the lien of a pledge and enforce the remedies consequent to the pledge in lieu of the trustee.

(5) “Property” means:

(a) Real or personal property, tangible or intangible, whether owned when the pledge is made or acquired subsequently to the time the pledge is made; and

(b) Revenues, contract rights, receivables or securities.

(6) “Related property” means any tangible personal or real property comprising a part of a system such as an electric, water, sewer or other public utility system of which the financed property is a part, and also includes any tangible personal or real property that is functionally related to or used in connection with the property financed.
SECTION 19. (1) The Uniform Commercial Code does not apply to
the creation, perfection, priority or enforcement of a lien of a pledge
made by a state agency or the State Treasurer.

(2) When authorized by law to issue obligations, a state agency that
authorizes the issuance of obligations or the State Treasurer may
pledge all or a portion of the property of the State of Oregon as secu-

(3) Notwithstanding subsection (2) of this section, if the authorizing
law authorizes the issuance of an obligation that is secured by only
specifically identified property, a state agency or the State Treasurer
may pledge only the specifically identified property.

(4) The lien created by a pledge described in subsection (2) or (3)
of this section is valid and binding from the time the pledge is made.
Pledged property is subject immediately to the lien of the pledge
without physical delivery, filing or any other act.

(5) Except as otherwise expressly provided in an operative docu-
ment, the lien of the pledge is superior to and has priority over all
other claims and liens of any kind.

(6) When property subject to a pledge is acquired by the State of
Oregon after the pledge is made:

(a) The property is subject to the lien upon acquisition by the State
of Oregon without physical delivery, filing or any other act; and

(b) The lien relates back to the time the pledge was originally made.

(7)(a) The State Treasurer, or the state agency that authorized is-
suance of the bonds with the approval of the State Treasurer, may
reserve the right to pledge a pledged property as security for an obli-
gation subsequently issued by the State Treasurer.

(b) If the State Treasurer or state agency reserves the right de-
scribed in paragraph (a) of this subsection, subject to the terms of the
operative document that created the previous pledge, the lien of the subsequent pledge may be on a parity or pari passu basis with the lien of the previous pledge, on a prior and superior basis with the lien of the previous pledge or on a subordinate basis with the lien of the previous pledge, as specified in the operative document creating the subsequent pledge. The lien of the subsequent pledge:

(A) Has the priority specified in the operative document creating the subsequent pledge; and

(B) Is superior to and has priority over other claims and liens of any kind except the lien of a pledge with which the lien of the subsequent pledge is on a parity or subordinate basis, as specified in the operative document.

(8) Except as provided in subsection (9) of this section, a pledgee may commence an action in a court of competent jurisdiction to foreclose the lien of the pledge and exercise rights and remedies available to the pledgee under the operative document.

(9) When pledged property consists of moneys or property that is in a fund for debt service reserves or payments, a pledgee may foreclose the lien of the pledge by applying the moneys or property in the fund to the payment of obligations subject to the terms, conditions and limitations in the operative document.

(10) Any initiative or referendum measure approved by the electors of the State of Oregon that purports to change statutory provisions affecting rates, fees, tolls, rentals or other charges may not be given any force or effect if to do so would impair existing covenants made with holders of existing obligations regarding the imposition, levy or collection of the rates, fees, tolls, rentals or other charges pledged to secure outstanding obligations.

(11) The State Treasurer, or a state agency that has the approval of the State Treasurer, may enter into rate covenants. Rate covenants authorized by this subsection may obligate a state agency or the State
Treasurer to periodically set the rates and charges:

(a) That generate pledged revenues at specific levels including, but not limited to, a specific monetary charge for each unit of commodity or service provided or a schedule of rates and charges that includes fixed and variable components;

(b) At levels sufficient to maintain underlying credit ratings assigned to obligations by one or more nationally recognized credit rating services without regard to any improvement in credit ratings due to the provision of additional security for the obligations by a credit enhancement device;

(c) That generate pledged revenues each year in amounts at least equal to operations and maintenance expenses of the state agency that produces the pledged revenues, plus debt service on obligations, plus an additional amount that is reasonably required to obtain favorable terms for the obligations; or

(d) In accordance with a formula established in the operative document governing obligations. The formula may provide for rates to be determined by reference to factors including, but not limited to:

(A) Historical operating expenses;

(B) Projected future operating expenses;

(C) The funding of depreciation;

(D) The costs of capital improvements;

(E) The costs of complying with contractual requirements and covenants;

(F) The costs of complying with regulatory requirements;

(G) Reports of independent consultants regarding the required level of pledged revenues;

(H) Debt service on the obligations; and

(I) The funds needed to establish or maintain reserves required by law or contract and the funds needed to maintain an unencumbered carryforward fund balance or working capital to meet unanticipated
expenses or fluctuations in revenues that may arise.

(12) A rate covenant authorized by this section is a contract that binds the State of Oregon and is enforceable against the State of Oregon in accordance with the terms of the rate covenant.

(Credit Enhancement)

SECTION 20. (1) A state agency that is authorized by law to issue bonds, or the State Treasurer on behalf of the state agency, may:

(a) Pledge as additional security for the bonds all or any portion of lawfully available revenues that, under applicable law, are not specifically restricted to uses other than the payment of the amounts owing on the bonds; and

(b) May enter into covenants with the owners of the bonds to pay all or any portion of the amounts owing on the bonds out of all or any portion of lawfully available revenues.

(2) A state agency that is authorized to issue bonds, or the State Treasurer acting on behalf of a state agency, may grant mortgages, trust deeds or security interests in property that is financed with the bonds and related property, in order to enhance the security of bonds under or with respect to any related credit enhancement device.

(Administration of Bond Programs)

SECTION 21. (1) The State Treasurer, or each state agency for which the State Treasurer is authorized to issue bonds, shall enter into one or more agreements for bond counsel services for a period of not less than one year during any biennium in which there are bonds outstanding that were issued for the state agency or during any biennium in which the state agency expects the State Treasurer to issue bonds for an agency program. A state agency may not enter into
an agreement for bond counsel services unless the State Treasurer and
the Attorney General have reviewed and approved the terms and con-
ditions of the agreement. Before approving an agreement, the State
Treasurer shall consider:

(a) The reputation, experience and credentials of the bond counsel,
including the individuals expected to actually fulfill the contract work;
and

(b) The willingness of bond counsel to consider the impact of the
agency’s bond program on legal matters pertaining to bonds, levels of
outstanding bonds, and statewide bond issuance procedures and poli-
cies.

(2) Except as provided in subsection (3) of this section, the ap-
pointment of bond counsel may not be construed as authorizing bond
counsel to advise or represent the state on matters that are committed
by statute to the Attorney General.

(3) The services provided under a bond counsel agreement may in-
clude:

(a) Advising a state agency or the State Treasurer concerning the
legality of specific proposed taxable or tax-exempt bonds and the
compliance of obligations with applicable law, including but not lim-
ited to federal securities and tax laws;

(b) Issuing opinions to a state agency, the State Treasurer or other
parties concerning the enforceability of, authority for and tax status
of bonds, agreements for exchange of interest rates, credit enhance-
ment devices or similar associated documents and on the lawful use
of the proceeds of the bonds, as may be required by the demands of
the marketplace for the bonds;

(c) Advising a state agency or the State Treasurer on legal proce-
dures and practices in the bond marketplace, including advice on the
structuring and sale of bonds;

(d) Preparing or assisting in the preparation of documents related
to a specific issue of bonds, including but not limited to an authorizing
resolution or declaration, a trust indenture, a prospectus, a prelimi-
nary official statement, an official statement, a bond sale notice, a
bond form, a bid form, a bond purchase agreement, an agreement for
exchange of interest rates, a credit enhancement device or a similar
document necessary or desirable to sell bonds;

(e) Advising a state agency or the State Treasurer concerning the
maintenance of the tax status of specific bonds, compliance with any
requirements for representations or disclosures relating to the bonds,
compliance with any documents executed as part of the issuance of the
bonds and federal laws related to bond programs that may be available
to a state agency;

(f) Advising a state agency or the State Treasurer concerning ac-
counting, investment or administrative procedures recommended or
required for compliance with federal or state securities, tax or rebate
requirements relating to bonds that were issued for the agency or that
the agency expects to issue; and

(g) Advising and assisting a state agency or the State Treasurer in
responding to an inquiry received from or an audit by a federal or
state regulatory body concerning:

(A) The tax status of interest paid on the bonds;

(B) The marketing of the bonds;

(C) Requirements of federal law related to the use of bond proceeds
or the program for which the bonds were issued; or

(D) Other matters within the jurisdiction of the federal or state
regulatory body relating to outstanding bonds that were issued by the
agency.

(4) The state agency authorized to use bond proceeds shall pay the
expenses incurred in providing the services provided under a bond
counsel agreement and may use bond proceeds to pay those expenses.

(5) The Public Contracting Code does not apply to a bond counsel
agreement entered into under this section.

SECTION 22. (1) The State Treasurer may, or a state agency authorized to use bond proceeds may, with the approval of the State Treasurer, enter into an agreement with and retain the services of one or more:

(a) Providers of financial advisory services, investment advisory services or advisory services related to agreements for exchange of interest rates;
(b) Underwriters;
(c) Providers of banking services;
(d) Tender agents or providers of auction agent services;
(e) Escrow agents;
(f) Providers of fiscal or paying agent services;
(g) Collateral custodians;
(h) Bond trustees;
(i) Providers of investment contracts; or
(j) Other bond-related or credit enhancement device-related agents or service professionals, or other persons with relevant expertise to assist the State Treasurer or the state agency in the performance of the duties of the State Treasurer or the state agency under this chapter.

(2) An agreement described in this section that is entered into by a state agency must be approved by the State Treasurer.

(3) When considering whether to enter into or approve an agreement with a provider of financial advisory services, before approving the agreement, the State Treasurer shall consider:

(a) The reputation, experience and credentials of the adviser, including the individuals expected to actually fulfill the contract work; and

(b) The willingness of the adviser to consider the impact of the agency’s bond program on overall state resources, levels of outstand-
ing bonds, and statewide bond issuance procedures and policies.

(4) An agreement entered into under this section may:

(a) Provide for the powers, duties, functions, compensation or limit-
imation of liability of the agent or other party to the agreement; and

(b) Prescribe methods for resignation, removal, merger or consol-
idation of agents or other parties to the agreement, appointment of a
successor or transfer of right and properties to a successor.

(5) The state agency authorized to use bond proceeds shall pay the
expenses incurred in providing the services described in this section.

(6) The Public Contracting Code does not apply to an agreement
entered into under this section.

(7) When the Oregon Constitution or a law of this state authorizes
bond proceeds to be spent for a particular purpose, the authorization
also includes authorization to spend bond proceeds for bond counsel,
attorney, consultant, fiscal or paying agent, trustee or other profes-
sional fees and other expenses incurred to authorize, issue, administer
and repay the bonds, including fees payable to the State Treasurer.

(State Taxation of Bond Interest)

SECTION 23. Interest on all bonds of the State of Oregon is exempt
from personal income tax under ORS chapter 316.

(Federal Taxation of Bond Interest)

SECTION 24. The State Treasurer and a state agency for which the
State Treasurer issues bonds may enter into covenants for the benefit
of owners of bonds that are intended to allow the bonds to bear in-
terest that is excludable from gross income under the federal Internal
Revenue Code or that is otherwise exempt from taxation by the United
States. The State Treasurer or a state agency for which the State
Treasurer is authorized to issue bonds may adopt rules or procedures that are intended to facilitate compliance with those covenants, and may take any action that is required to comply with those covenants. Covenants authorized by this section include, but are not limited to, covenants to:

(1) Pay any rebates of earnings or penalties to the United States;

(2) Invest proceeds at rates that are below current market rates;

or

(3) Restrict the operation of, or otherwise limit the use of, facilities that are financed with bonds.

(REMITTING FUNDS)

SECTION 25. (1) The State Treasurer shall adopt rules, or establish by contract or policy, procedures and requirements for the cancellation or redemption of bonds, the remittance of funds to pay bonds, or the replacement of lost or destroyed evidence of bonds or interest coupons.

(2)(a) In the case of the replacement of lost or destroyed evidence of bonds or coupons, or payment in lieu of replacement, the State Treasurer may require indemnity, deposit or other form of assurance or proof of ownership to ensure against conflicting, duplicative or fraudulent claims. The State Treasurer may charge a fee to the person seeking replacement or payment in lieu of replacement under this section, in an amount sufficient to reimburse the State Treasurer for costs incurred in providing replacement or payment under this subsection.

(b) In the case of a determination by the State Treasurer to not replace or make payment with respect to a lost or destroyed bond or coupon, the person seeking replacement or payment under this subsection may appeal the determination as a review of an order other
than a contested case under ORS 183.484.

(Public Records)

SECTION 26. The records of bond ownership are not public records for purposes of ORS 192.410 to 192.505 or other law governing the disclosure of information.

(Secretary of State Audits)

SECTION 27. (1) The Secretary of State shall conduct a financial audit of the bond programs of each state agency at least annually. The Secretary of State shall publish the audit as soon as possible following the end of the audit period.

(2) The Oregon Department of Administrative Services may, on an annual basis, exempt a bond program from the requirements of subsection (1) of this section.

(State Debt Policy Advisory Commission)

SECTION 28. ORS 286.555 is amended to read:

286.555. (1) The State Debt Policy Advisory Commission shall advise the Governor and the Legislative Assembly regarding policies and actions that enhance and preserve the state’s credit rating and maintain the future availability of low-cost capital financing. In carrying out this function, the commission shall periodically prepare a report showing the consolidated bond profile of this state. The report shall include:

(a) The total amount of outstanding bonds for the most recently concluded fiscal year.

[(1) Develop] (b) A six-year forecast of [debt] the state’s borrowing capacity targets by [debt] bond type and repayment source based on the poli-
cies and actions established under this section.

[(2) Convert debt] (c) A calculation of the state’s net available capacity at the borrowing capacity targets to net available capacity estimates by reflecting amounts of capacity currently issued, the planned issuance of prior authorized [debt] bonds and [estimates of debt] borrowing repayment.

[(3)] (2) The commission shall at least annually report the findings described in this section, including net [debt] state borrowing capacity[,] and recommendations, to the Governor and to members of the Legislative Assembly [by April 1 of each even-numbered year].

(Please Activity Bond Committee)

SECTION 29. ORS 286.605 is amended to read:

286.605. As used in ORS 286.605 to 286.645:

(1) “Issuer” means an entity that may issue private activity bonds that are qualified bonds on which the interest is exempt from federal taxation.

(2) “Private activity bonds” has the meaning given in section 141 of the Internal Revenue Code [of 1986], as amended.

SECTION 30. ORS 286.615 is amended to read:

286.615. (1) The Private Activity Bond Committee is established. It shall consist of one representative each from the Oregon Department of Administrative Services and from the State Treasurer and one public representative appointed to serve at the pleasure of the Governor.

(2) The [representative from the department] State Treasurer, or the designee of the State Treasurer, shall serve as chair of the committee.

(3) The purpose of private activity bonding in this state [shall be] is to maximize the economic benefits of [such] private activity bonding to the citizens of this state. [To this end,] The committee shall adopt by rule standards for amounts [allotted to it] allocated to the committee for further allocation for economic development, housing, education, redevelopment, public works, energy, waste management, waste and recycling collection,
transportation and other activities [which] that the committee determines will benefit the citizens of this state. In developing standards, the committee shall:

(a) Survey the expected need for private activity bond allocations at least once each year;
(b) Develop strategies for reserving and allocating the limit [which] that are designed to maximize the availability of tax exempt financing among competing sectors of the Oregon economy; and
(c) Ensure that [such] the standards include but are not limited to standards that:

(A) Support projects that increase the number of family wage jobs in this state.
(B) Promote economic recovery in small cities heavily dependent on a single industry.
(C) Emphasize development in underdeveloped rural areas of this state.
(D) Utilize educational resources available at institutions of higher education.
(E) Support development of the state’s small businesses, especially businesses owned by women and members of minority groups.
(F) Encourage use of Oregon’s human and natural resources in endeavors [which] that harness Oregon’s economic comparative advantages.

[(G) Limit assistance to projects that assist businesses selling goods and services in markets for which national or international competition exists.]

(4) The state private activity bond [limit allotted] volume cap allocated to the Private Activity Bond Committee as provided in [ORS 286.635] section 32 of this 2007 Act shall be allocated and reallocated among issuers by the Private Activity Bond Committee as follows:

(a) Any amounts not reserved to an issuer or a class of issuers under the [limitation] authorization adopted by the Legislative Assembly under [ORS 286.525] section 10 of this 2007 Act shall be allocated or reallocated by the committee under rules adopted under subsection (3) of this section.
(b) Any amounts provided for in the [limitation under ORS 286.525] authorization adopted by the Legislative Assembly under section 10 of this 2007 Act that are unused shall be carried forward for use as provided by rules adopted under subsection (3) of this section.

(c) The rules adopted by the committee shall limit the period of time for which an allocation of private activity bonding authority is effective. [Such] The rules shall [insure] ensure that allocations made during a calendar year [shall be] are used during that calendar year or that the unused amount of the allocation [shall be] is reallocated during that calendar year.

(5) Unused allocations [shall not be] are not transferable among issuers but [shall be] are available for reallocation.

SECTION 31. Section 32 of this 2007 Act is added to and made a part of ORS 286.605 to 286.645.

SECTION 32. The Legislative Assembly shall allocate the amount of private activity bond volume cap among state agencies and the Private Activity Bond Committee for the two calendar years that begin in a biennium. Nothing in this section prohibits the Private Activity Bond Committee from allocating additional volume cap during a biennium.

SECTION 33. ORS 286.645 is amended to read:

286.645. The [office of] State Treasurer shall maintain the official state private activity bond limit records and provide administrative support to the Private Activity Bond Committee [and the Advisory Council on the Allocation of the State Private Activity Bond Limit].

(Baccalaureate Bonds)

SECTION 34. (1) As used in this section:

(a) “Oregon Baccalaureate Bonds” means bonds of the State of Oregon issued by the State Treasurer on behalf of the Oregon University System.
(b) “Post-secondary education” means training and instruction provided by fully accredited public or private institutions of higher learning, community colleges and post-high-school career schools.

(2) The Legislative Assembly encourages citizens of the State of Oregon to avail themselves of post-secondary education opportunities.

(3) The Legislative Assembly finds:

(a) For the benefit of its citizens, the state supports a system of common schools, institutions of higher education and community colleges.

(b) A post-secondary education advances a citizen’s ability to pursue life, liberty and happiness through a wide range of employment opportunities.

(c) A well-educated citizenry contributes to the economic well-being of the state and nation.

(d) A well-trained and skilled citizenry enhances economic development of the state.

(e) While students have just begun their education upon completion of a formal education, a lifetime pursuit of learning contributes to a well-informed citizenry and to Oregon’s cherished quality of life.

(f) Citizens educated in Oregon are more likely to pursue careers in Oregon.

(g) It is in the interest of this state to encourage its citizens to plan and save for a post-secondary education.

(h) An Oregon Baccalaureate Bond program that provides citizens an opportunity to save for a post-secondary education for their children, themselves or any citizen is in the social and economic self-interest of the State of Oregon.

(i) A systematic way to save for post-secondary education can assist all of Oregon’s higher education, community college and career schools to better project enrollments, thereby permitting the prudent allocation of scarce resources.
(4) The State Treasurer may:
   (a) Issue bonds at the request of the Oregon University System as Oregon Baccalaureate Bonds, to encourage investors to save for post-secondary education opportunities.
   (b) Investigate and implement the means and procedures to facilitate the participation by the broadest practical range of investors in the Oregon Baccalaureate Bond program. The means and procedures may include, but are not limited to, adjustments in the denominations in which the bonds are issued and the frequency with which the bonds are issued.

(5) The purchase of an Oregon Baccalaureate Bond does not guarantee the purchaser, owner or beneficiary of the bond admittance to any public or private post-secondary institution.

(Lottery Bonds)

SECTION 35. (1) ORS 286.560 to 286.580 are added to and made a part of ORS chapter 286.
   (2) ORS 286.585 is added to and made a part of ORS 286.560 to 286.580.

SECTION 36. ORS 286.560 is amended to read:
286.560. As used in ORS 286.560 to 286.580[,] and 327.700 to 327.711 [and 348.716], unless the context requires otherwise:
   (1) “Appropriated funds” for a particular fiscal year means any moneys, other than unobligated net lottery proceeds, that are specifically appropriated or otherwise specifically made available by the Legislative Assembly or the Emergency Board for a fiscal year to replenish reserves established as additional security for lottery bonds pursuant to the authority granted in ORS 286.580 (6).
   (2) “Bond-related costs” means:
   (a) The costs and expenses of issuing, administering and maintaining lottery bonds and the lottery bond program, including but not limited to paying
or redeeming lottery bonds, paying amounts due in connection with credit
enhancements or any instruments authorized by ORS 286.580 (6) and paying
the administrative costs and expenses of the State Treasurer and the Oregon
Department of Administrative Services, including costs of consultants or
advisors retained by the State Treasurer or the Oregon Department of Ad-
ministrative Services for the lottery bonds or the lottery bond program;
(b) The costs of funding any lottery bond reserves;
(c) Capitalized interest for lottery bonds;
(d) Rebates or penalties due to the United States in connection with lot-
ttery bonds; and
(e) Any other costs or expenses that the State Treasurer or the Director
of the Oregon Department of Administrative Services determines are neces-
sary or desirable in connection with issuing lottery bonds or maintaining the
lottery bond program.
(3) “Lottery bonds” means:
(a) The state park lottery bonds authorized by ORS 390.060 to 390.067, the
infrastructure lottery bonds authorized by ORS 285B.530 to 285B.548 and the
education lottery bonds authorized by ORS 327.700 to 327.711;
(b) Any other bonds payable from the revenues of the Oregon State Lot-
ttery unless the legislation authorizing those bonds expressly provides that
those bonds [shall] may not be issued under ORS 286.560 to 286.580 [and
348.716]; and
(c) Any refunding lottery bonds.
(4) “Lottery Bond Administrative Fund” means the fund created by ORS
286.573.
(5) “Lottery Bond Fund” means the fund created by ORS 286.570.
(6) “Lottery bond program” means a financing program authorized by:
(a) ORS 285B.530 to 285B.548, 327.700 to 327.711 or 390.060 to 390.067; or
(b) Any other Act of the Legislative Assembly authorizing the issuance
of bonds that are payable from the revenues of the Oregon State Lottery,
unless the legislation authorizing those bonds expressly provides that those
bonds [shall] may not be issued under ORS 286.560 to 286.580 [and 348.716].

(7) “Refunding lottery bonds” means any bonds issued for the purpose of refunding any lottery bonds.

(8) “Unobligated net lottery proceeds” means all revenues derived from the operation of the Oregon State Lottery except for:

(a) The revenues used for the payment of prizes and expenses of the Oregon State Lottery as provided in section 4 (4)(d), Article XV of the Oregon Constitution, and ORS 461.500 and 461.510;

(b) The revenues required to be applied, distributed or allocated as provided in ORS 461.543; and

(c) The revenues required to be allocated to pay the Westside lottery bonds and any bonds issued to refund the Westside lottery bonds, to fund reserves for any of those bonds and to pay related costs of the Department of Transportation.

(9) “Westside lottery bonds” means the bonds issued by this state under the authority granted in ORS 391.140 that, notwithstanding ORS 267.334, 285B.419, 285B.422, 285B.482, 285B.530 to 285B.548, 286.560 to 286.580, 327.700 to 327.711, 348.716 and 390.060 to 390.067, shall have a claim on lottery funds that is superior to the claim of the lottery bonds authorized by ORS 286.560 to 286.580 [and 348.716].

SECTION 37. ORS 286.563 is amended to read:

286.563. (1) The Legislative Assembly declares that the purpose of ORS 286.560 to 286.580 [and 348.716] is to combine previously enacted legislation authorizing lottery bonds into a single Act that provides uniform administrative procedures for all lottery bonds issued by the State of Oregon.

(2) The lottery bonds issued under ORS 286.560 to 286.580 [and 348.716] shall be special obligations of the State of Oregon that are payable solely from unobligated net lottery proceeds, amounts available in the Lottery Bond Fund and in any reserve accounts established for lottery bonds under ORS 286.560 to 286.580 [and 348.716] and any appropriated funds. The faith and credit of the State of Oregon or any of its taxing power shall not be pledged
or committed to the payment of lottery bonds or any other commitment of
the State of Oregon authorized by ORS 286.560 to 286.580 [and 348.716].

SECTION 38. ORS 286.566 is amended to read:

286.566. (1) Any legislation authorizing issuance of lottery bonds under
ORS 286.560 to 286.580 [and 348.716] shall:

(a) State the purposes for which the proceeds of lottery bonds may be
spent;
(b) Contain findings that those uses are lawful uses of lottery revenues;
(c) Indicate the amount of lottery bonds that may be issued under the
legislation;
(d) Specify the fund into which the net proceeds of those lottery bonds
shall be deposited; and
(e) Provide for the payment of the bond-related costs for the lottery bonds.
(2) Unless specifically prohibited by the legislation authorizing lottery
bonds:

(a) Any agency or other entity holding net proceeds of lottery bonds shall,
upon the written request of the Director of the Oregon Department of Ad-
ministrative Services, transfer to the Oregon Department of Administrative
Services for deposit in the Lottery Bond Administrative Fund the amounts
that the director states in the request are reasonably required to pay for
bond-related costs that are allocable to those net proceeds.
(b) The agencies or other entities receiving proceeds of lottery bonds
shall, if so directed by the Oregon Department of Administrative Services,
take any action specified by the Oregon Department of Administrative Ser-
vices that is necessary to maintain the excludability of lottery bond interest
from gross income under the Internal Revenue Code.

SECTION 39. ORS 286.580 is amended to read:

286.580. (1) [In accordance with any applicable provisions of ORS chapters
286 and 288 and ORS 286.560 to 286.580 and 348.716,] The State Treasurer,
with the concurrence of the Director of the Oregon Department of Adminis-
trative Services, may issue lottery bonds from time to time to finance any
lottery bond program and to pay costs of issuing lottery bonds and adminis-
tering the lottery bond program, and the State Treasury may be paid for all
bond-related costs the State Treasury incurs.

(2) Lottery bond proceeds and unobligated net lottery proceeds may be
used to pay bond-related costs.

(3) In addition to lottery bonds for any lottery bond program, the State
Treasurer may, at the request of the affected agency or the Oregon Depart-
ment of Administrative Services, issue one or more series of refunding lot-
tery bonds. The refunding lottery bonds shall be structured so that the
amount required to pay those bonds in each year does not exceed the amount
of unobligated net lottery proceeds that could have been committed to pay
the lottery bonds that are refunded. Refunding lottery bonds shall be issued
in such amount as the State Treasurer determines is necessary or appropriate
in order to:

(a) Pay or defease the principal of and the interest and redemption pre-
mium, if any, on the bonds to be refunded; and

(b) Pay any bond-related costs related to the refunding lottery bonds.

(4) All lottery bonds issued under this section shall be payable from:

(a) The amount pledged for payment under subsection (7) of this section;

and

(b) Any appropriated funds.

(5) The lottery bonds shall not be general obligations of this state and
shall not be secured by or payable from any funds or assets of this state
other than the amounts pledged for payment or security and any appropri-
ated funds. The Legislative Assembly shall not be under any legal
compulsion or obligation to provide any appropriated funds and shall not be
liable to any party for any failure to provide appropriated funds. All lottery
bonds issued under ORS 286.560 to 286.580 [and 348.716] shall contain a
statement that this state is not obligated to pay lottery bond principal, in-
terest or premium thereon from any source other than the amounts pledged
for payment and any appropriated funds, and that the full faith and credit
or the taxing power of the State of Oregon are not pledged to the payment
of lottery bond principal, interest or premium.

(6) The State Treasurer may establish reserves for lottery bonds. The re-
erves may be in the form of cash, investments, surety bonds, municipal bond
insurance, lines of credit, letters of credit or other similar instruments. The
State Treasurer, on behalf of the State of Oregon, may covenant to maintain
the reserves at particular levels, but solely from the amounts that may be
pledged to pay lottery bonds under subsection (7) of this section. If the re-
erves are drawn down below the level that this state has covenanted to
maintain, the Director of the Oregon Department of Administrative Services
shall promptly certify to the Legislative Assembly or, if the Legislative As-
sembly is not then in session, to the Emergency Board, the amount needed
to restore the reserves to their required level. The Legislative Assembly or
the Emergency Board may provide appropriated funds in the amount certified
by the Director of the Oregon Department of Administrative Services. Any
appropriated funds so provided shall be used immediately to restore the bal-
ance in the reserves established for the lottery bonds. The State of Oregon
may enter into covenants with the owners of the lottery bonds that specify
the timing and content of the director’s certification. By enacting this sub-
section, the Legislative Assembly acknowledges its current intention to pro-
vide appropriated funds in the amount certified by the director under this
subsection. However, the Legislative Assembly or the Emergency Board shall
not have any legal obligation to provide any appropriated funds.

(7) Notwithstanding any other provision of law, the State Treasurer may
pledge all or any portion of the unobligated net lottery proceeds, amounts
in the Lottery Bond Fund and any unexpended lottery bond proceeds to pay
lottery bonds and to pay amounts due in connection with any credit en-
hancement or any instrument authorized by subsection (6) of this section.
The lien of such pledge shall be valid and binding immediately upon delivery
by the state of the lottery bonds, credit enhancement agreement or instru-
ment secured by the pledge. The amounts so pledged shall be immediately
subject to the lien of the pledge upon receipt of the amounts by this state regardless of when or whether they are allocated or transferred to the Lottery Bond Fund or the Lottery Bond Administrative Fund and regardless of whether there was physical delivery, filing or other act. Except to the extent provided in the pledge, the lien of the pledge shall be superior to all other claims, liens and appropriations of any kind. The State Treasurer may provide that lottery bonds may be issued in different series and that each series may be secured by a lien on, and pledge of, the unobligated net lottery proceeds that is superior to, subordinate to, or on a parity with, the lien of the pledge securing other series of lottery bonds. Nothing in this section shall be construed to limit the powers granted in any other part of ORS 286.560 to 286.580 [and 348.716].

(8) Any covenants made under this section for the benefit of owners of lottery bonds shall constitute contracts between the State of Oregon and the owners of lottery bonds. The State Treasurer, or the Director of the Oregon Department of Administrative Services with the consent of the State Treasurer, may, on behalf of the State of Oregon and in addition to the covenants authorized by subsection (6) of this section, make the following covenants for the benefit of the owners of lottery bonds and any providers of credit enhancement or instruments authorized by subsection (6) of this section:

(a) Except as permitted by a pledge made under subsection (7) of this section, this state shall not create any lien or encumbrance on the unobligated net lottery proceeds that is superior to the liens of the pledges authorized by subsection (7) of this section.

(b) Subject only to the availability of unobligated net lottery proceeds, the State of Oregon shall budget and appropriate in each fiscal year an amount of unobligated net lottery proceeds that, when added to other funds lawfully budgeted and appropriated and available for the purpose, will be sufficient:

(A) To pay in full the principal, interest and premium due and to become due on all outstanding lottery bonds in the fiscal year;
(B) To maintain the required balance in any reserves established for lottery bonds; and

(C) To pay amounts due to the providers of credit enhancement for lottery bonds or instruments authorized by subsection (6) of this section.

(c) This state shall apply the unobligated net lottery proceeds and any other amounts so budgeted and appropriated for those purposes.

(d) This state shall continue to operate the Oregon State Lottery until all lottery bonds are paid or defeased.

(9) In connection with the issuance of any lottery bonds, the State Treasurer may establish such accounts and subaccounts within the Lottery Bond Fund that the State Treasurer determines are necessary or appropriate. In addition, the State Treasurer or the Director of the Oregon Department of Administrative Services may, on behalf of this state, enter into any agreements that the State Treasurer determines are necessary or appropriate to issue lottery bonds and carry out the provisions of ORS 286.560 to 286.580 [and 348.716] and all legislation authorizing lottery bond programs.

(10) If the State Treasurer determines that the acquisition is cost-effective, the State Treasurer may acquire a municipal bond insurance policy, letter of credit, line of credit, surety bond or other credit enhancement device for lottery bonds, and may enter into any related agreements.

(11) The State Treasurer may provide that all or any portion of the Lottery Bond Fund, the Lottery Bond Administrative Fund or any accounts in either fund shall be held by a trustee, may enter into agreements with the trustee regarding the use and application of the amounts held in those funds and accounts and may transfer amounts credited to those funds and accounts to the trustee.

SECTION 40. ORS 286.585 is amended to read:

286.585. (1) Pursuant to ORS 286.560 to 286.580 [and 348.716] and subject to future legislative approval, lottery bonds may be issued to make grants or loans to Oregon cities to fund projects for the reconstruction, renovation or development of community sports facilities in order to make the facilities

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suitable for use by a major league baseball team if a city is selected as an expansion site by major league baseball or if a major league baseball team agrees to relocate to a city.

(2) The use of lottery bond proceeds is authorized based on the following findings:

(a) The financial assistance to cities will assist in the construction, improvement and expansion of infrastructure and community facilities that comprise the physical foundation for commercial activity and provide the basic framework for continued and expanded economic opportunities and quality communities throughout Oregon.

(b) Such financial assistance to cities will therefore promote economic development within this state, and thus the use of net proceeds derived from the operation of the Oregon State Lottery to pay debt service on lottery bonds issued under this section to provide such financial assistance to cities is an appropriate use of state lottery funds under section 4, Article XV of the Oregon Constitution, and ORS 461.510.

(3) Lottery bonds issued pursuant to this section shall be issued only at the request of the Director of the Economic and Community Development Department.

(4) The net proceeds of lottery bonds issued pursuant to this section shall be deposited in the Economic Infrastructure Project Fund established by ORS 285B.551. The Director of the Economic and Community Development Department shall allocate the moneys deposited in the Economic Infrastructure Project Fund for the purpose described in this section in accordance with the policies developed by the Oregon Economic and Community Development Commission in accordance with ORS 285A.045.

(5) The proceeds of lottery bonds issued pursuant to this section shall be used only for the purposes set forth in this section and for bond-related costs.

(State Bond Guarantee Intercept Program)
SECTION 41. ORS 328.346 is amended to read:

328.346. (1)(a) If one or more payments on school bonds are made by the State Treasurer as provided in ORS 328.341, the State Treasurer shall pursue recovery from the school district of all moneys necessary to reimburse the state for all amounts paid by the treasurer to the paying agent, as well as interest, penalties and any additional costs incurred by the treasurer as described in this section. In seeking recovery, the State Treasurer may:

(A) Intercept any payments from the General Fund, the State School Fund, the income of the Common School Fund and any other source of operating moneys provided by the state to the school district that issued the school bonds that would otherwise be paid to the school district by the state; and

(B) Apply any intercepted payments to reimburse the state for payments made pursuant to the state guaranty until all obligations of the school district to the state arising from those payments, including interest and penalties, and any additional costs incurred by the treasurer as described in this section are paid in full.

(b) The state has no obligation to the school district or to any person or entity to replace any moneys intercepted under authority of this section.

(c) The authority of the State Treasurer to intercept payments under this subsection has priority over any claim that is based on a funds diversion agreement under ORS 238.698.

(2) The school district that issued school bonds for which the state has made all or part of a debt service payment shall:

(a) Reimburse all moneys drawn or paid by the State Treasurer on its behalf;

(b) Pay interest to the state on all moneys paid by the state from the date the moneys were drawn to the date they are repaid at a rate to be determined by the State Treasurer, in the State Treasurer’s discretion, to be sufficient to cover the costs of funds to the state plus the costs of administration of the state guaranty obligation and of collection of reimbursement; and

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(c) Pay any applicable penalties as described in subsection (3) of this section.

(3)(a) The State Treasurer shall establish the reimbursement interest rate after considering the circumstances of any prior draws by the school district on the state, market interest and penalty rates and the cost of funds, if any, that were required to be used or borrowed by the state to make payment on the school bonds. The State Treasurer shall have authority to establish, by negotiations with the school district or otherwise, any plan of reimbursement by the school district that will result in full and complete reimbursement to the state. Subject to the requirement for full and complete reimbursement, the State Treasurer may consider incorporating into the reimbursement plan the means and methods to allow the school district to continue its operations during the time the reimbursement plan is in effect.

(b) The State Treasurer may, after considering the circumstances giving rise to the failure of the school district to make payment on its school bonds in a timely manner, impose on the school district a penalty of not more than five percent of the amount paid by the state pursuant to the state guaranty for each instance in which a payment by the state is made.

(4)(a) If the State Treasurer determines that amounts obtained under this section will not reimburse the state in full within the time determined by the State Treasurer or incorporated in the reimbursement plan from the state’s payment of a school district’s debt service payment, the State Treasurer shall pursue any legal action, including but not limited to mandamus, against the school district or school district board to compel the school district to:

(A) Levy and provide property tax revenues to pay debt service on its school bonds and other obligations when due; and

(B) Meet its repayment obligations to the state.

(b) With respect to any school bonds for which the State Treasurer has made payment under the state guaranty, and in addition to any other rights or remedies available at law or in equity, the state shall have the same substantive and procedural rights as would a holder of the school bonds of
a school district.

(c) The Attorney General shall assist the State Treasurer in the discharge of the duties under this section.

(d) The school district shall pay the attorney fees, expenses and costs of the State Treasurer and the Attorney General.

(5)(a) Except as provided in paragraph (c) of this subsection, any school district whose funds were intercepted under this section may replace those funds from other school district moneys or from ad valorem property taxes, subject to the limitations provided in this subsection.

(b) A school district may use ad valorem property taxes or other moneys to replace intercepted funds only if the ad valorem property taxes or other moneys were derived from:

(A) Taxes originally levied to make the payment, but which were not timely received by the school district;

(B) Taxes from a special levy imposed to make up the missed payment or to replace the intercepted moneys;

(C) Moneys transferred from any lawfully available funds of the school district or the undistributed reserves, if any, of the school district; or

(D) Any other source of moneys on hand and legally available.

(c) Notwithstanding paragraphs (a) and (b) of this subsection, a school district may not replace operating funds intercepted by the state with moneys collected and held to make payments on school bonds if that replacement would divert moneys from the payment of future debt service on the school bonds and increase the risk that the state guaranty would be called upon a second time.

LOCAL BONDS

SECTION 42. Sections 43 to 60 and 65 to 71 of this 2007 Act are added to and made a part of ORS chapter 287.
(Definitions)

SECTION 43. As used in this chapter:
(1) “Advance refunding bond” means a bond all or part of the proceeds of which are to be used to refund an outstanding bond one year or more after the advance refunding bonds are issued.
(2) “Agreement for exchange of interest rates” means a contract, or an option or forward commitment to enter into a contract, for an exchange of interest rates for related bonds that provides for:
(a) Payments based on levels or changes in interest rates; or
(b) Provisions to hedge payment, rate, spread or similar exposure including, but not limited to, an interest rate floor or cap or an option, put or call.
(3) “Bond”:
(a) Means a financing agreement, note, line of credit, commercial paper or other contractual undertaking of a public body to repay borrowed moneys.
(b) Does not include a credit enhancement device.
(4) “Capital construction” has the meaning given that term in ORS 310.140.
(5) “Capital improvements” has the meaning given that term in ORS 310.140.
(6) “Credit enhancement device”:
(a) Means a letter of credit, line of credit, bond insurance policy, reserve surety bond or other device or facility used to enhance the creditworthiness or marketability of related bonds by providing additional security or liquidity for the related bonds.
(b) Except as provided in paragraph (a) of this subsection, does not include a bond.
(7) “Current refunding bond” means a bond the proceeds of which are to be used to refund an outstanding bond less than one year after
the current refunding bond is issued.

(8) “Forward current refunding” means execution and delivery of a purchase agreement or similar instrument under which a public body contracts to sell current refunding bonds for delivery at a future date that is one year or more after execution of the purchase agreement or similar instrument.

(9) “General obligation bond” means a bond that is secured by a commitment to levy ad valorem taxes that may be levied outside the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

(10) “Operative document” means a declaration, trust indenture, security agreement or other document in which a public body pledges revenue or property as security for a bond.

(11) “Pledge” means a lien created on property pursuant to section 51 of this 2007 Act.

(12) “Public body” means:
(a) A county of this state;
(b) A city of this state;
(c) A local service district as defined in ORS 174.116 (2);
(d) A special government body as defined in ORS 174.117;
(e) Oregon Health and Science University; or
(f) Any other political subdivision of this state that is authorized by the Legislative Assembly to issue bonds.

(13) “Refunding bond” means an advance refunding bond, a current refunding bond or a forward current refunding bond.

(14) “Related bond” means a bond for which the public body enters into an agreement for exchange of interest rates or obtains a credit enhancement device.

(15) “Revenue” means the tax revenues, fees and other moneys of a public body.

(16) “Revenue bond” means a bond that is not secured by a commitment to levy ad valorem taxes that may be levied outside the limits
of sections 11 and 11b, Article XI of the Oregon Constitution.

(17) “Termination payment” means the amount payable under an agreement for exchange of interest rates by one party to another party as a result of the termination, in whole or part, of the agreement prior to the expiration of the stated term.

(City General Obligation Bond Authority)

SECTION 44. (1) A city may issue general obligation bonds to finance capital construction or capital improvements upon approval of the electors of the city.

(2) Unless the city charter provides a lesser limitation, a city may not issue or have outstanding at the time of issuance general obligation bonds in a principal amount that exceeds three percent of the real market value of the taxable property within its boundaries, calculated as provided in ORS 308.207.

(3) When computing the amount of general obligation bonds a city may issue under the limitation described in subsection (2) of this section, a city may deduct from outstanding general obligation bonds the cash moneys and sinking funds on deposit that are applicable to the payment of bond principal.

(4) The limitation described in subsection (2) of this section does not apply to general obligation bonds issued to finance the costs of local improvements assessed and paid for in installments under statutory or charter authority or to finance capital construction or capital improvements for:

(a) Water supply, treatment or distribution;
(b) Sanitary or storm sewage collection or treatment;
(c) Hospitals or infirmaries;
(d) Gas, power or lighting; or
(e) Off-street motor vehicle parking facilities.
(County General Obligation Bond Authority)

SECTION 45. (1) Unless the county charter expressly provides otherwise, a county may issue general obligation bonds to finance capital construction or capital improvements upon approval of the electors of the county.

(2) Unless the county charter provides a lesser limitation upon the issuance of general obligation bonds, a county may not issue or have outstanding at the time of issuance general obligation bonds in a principal amount that exceeds two percent of the real market value of the taxable property in the county, calculated as provided in ORS 308.207.

(3) When computing the amount of general obligation bonds a county may issue under the limitation described in subsection (2) of this section, a county may deduct from outstanding general obligation bonds the cash moneys and sinking funds on deposit that are applicable to the payment of bond principal.

(County Limitation on Bonded Indebtedness)

SECTION 46. (1) A county may incur bonded indebtedness within the meaning of section 10, Article XI of the Oregon Constitution, by issuing bonds when a county is expressly authorized to issue bonds by a law other than this section. The amount of bonded indebtedness permitted by this section may not exceed the lesser of:

(a) One percent of the real market value of all taxable property in the county, calculated as provided in ORS 308.207; or

(b) A limitation on bonded indebtedness in the county charter.

(2) The limitation on bonded indebtedness in subsection (1) of this section does not apply to limited bonded indebtedness incurred under ORS 238.692 to 238.698.
SECTION 47. (1) As used in this section, “revenue bonds” does not include refunding bonds.

(2) In addition to any other authority to issue revenue bonds, a public body may authorize revenue bonds by resolution or non-emergency ordinance pursuant to this section.

(3) If revenue bonds are authorized by nonemergency ordinance, a public body may not sell the revenue bonds pursuant to this section until the period for referral of the ordinance has expired. If electors of a public body refer a nonemergency ordinance authorizing issuance of revenue bonds, the public body may not sell the revenue bonds unless the electors approve issuance of the revenue bonds.

(4) If revenue bonds are authorized by resolution:

(a) A public body may not sell the revenue bonds until at least 60 days following publication of the notice required in subsection (5) of this section.

(b) The resolution must provide that electors residing within the public body may file a petition with the public body asking the public body to refer the question of whether to issue the revenue bonds to a vote. If within 60 days after the publication of the notice described in subsection (5) of this section, electors file petitions with the public body containing valid signatures of at least five percent of the public body’s electors, the public body:

(A) Shall place the question of issuing the revenue bonds on the ballot at the next lawfully available election date; and

(B) May not sell the revenue bonds described in the notice unless a majority of the electors voting on the question approve.

(5) A public body authorizing revenue bonds by resolution shall publish a notice describing the purposes for which the revenue bonds will be sold in at least one newspaper of general circulation within the
boundaries of the public body in the same manner as other public noti-
ces of the public body. At a minimum, the notice must contain:

(a) The date the resolution was adopted and the number thereof, if
any;

(b) The expected source of revenue for repayment of the revenue
bonds;

(c) The estimated principal amount of the revenue bonds to be sold;

(d) The procedures by which electors may cause the question of is-
suing the revenue bonds to be referred to a vote;

(e) The period within which electors must gather the signatures
required to cause referral; and

(f) The fact that the resolution is available for inspection at the
appropriate office of the public body.

SECTION 48. (1) In addition to any other authority to issue revenue
bonds, but subject to applicable limitations imposed by the Oregon
Constitution or the charter or ordinance of the public body, a public
body may issue revenue bonds:

(a) In anticipation of tax revenues or other moneys to be received
in the fiscal period;

(b) To provide interim financing for capital projects to be under-
taken by the public body; or

(c) To refund revenue bonds issued pursuant to this section.

(2) To secure revenue bonds authorized under this section, a public
body may:

(a) Pledge all or part of the revenues of the public body that may
be lawfully committed to secure the payment of revenue bonds au-
thorized by this section.

(b) Segregate pledged moneys in separate accounts to be held by the
public body or a third party.

(c) Obtain credit enhancement devices for the revenue bonds au-
thorized by this section.
(d) Establish debt service reserves.

(e) Enter into covenants, by ordinance, resolution or agreement, for the protection and security of the owners of revenue bonds authorized by this section. The covenants constitute enforceable contracts with the owners of the revenue bonds.

(3) Revenue bonds authorized by this section that are issued in anticipation of revenues, except grant moneys:

(a) Must mature within 13 months after they are issued; and

(b) May not be issued in a principal amount that exceeds 80 percent of the taxes or other moneys, except grant moneys, that the public body has budgeted or otherwise reasonably expects to have available to pay the revenue bonds.

(4) Revenue bonds authorized by this section that are issued in anticipation of grant moneys or to provide interim financing for capital projects must mature not later than five years after the short-term bonds are issued.

(5) The debt limitations imposed by law or the charter of a public body do not apply to revenue bonds or credit enhancement devices authorized by this section.

(6) Subject to the limitations in this section, short-term bonds authorized by this section may be in a form and contain terms authorized by sections 49 and 52 of this 2007 Act.

(Public Body Bond Administration)

SECTION 49. (1) When a public body is authorized by law to issue bonds, a public body may:

(a) Combine bonds authorized by different laws or actions of the governing body into a single issue if all bonds in the issue will have the same security.

(b) Structure, market and issue bonds in the manner that the public
body determines is in the best interest of the people served by the public body.

(c) Sell bonds at a public, competitive sale, in a private negotiated sale or in any other manner determined by the public body.

(d) Issue bonds the interest of which is exempt from federal income taxes or is not exempt from federal income taxes.

(e) Establish the maturity dates, principal amounts, redemption provisions, optional or mandatory tender provisions, interest rates or method for determining a variable or adjustable interest rate, denominations and other terms and conditions of the bonds.

(f) Determine the form and content of bond disclosure documents.

(g) Enter into an agreement with and retain the services of bond counsel and other providers of bond-related services.

(h) Execute and deliver indentures, bond purchase agreements, trust agreements, remarketing agreements, auction agent agreements, broker dealer agreements, tender agent agreements and other contracts related to the sale, issuance, security for or administration of the bonds.

(i) Enter into agreements with bond trustees and deposit moneys with trustees for the benefit of bond owners and the providers of credit enhancement devices for bonds.

(j) Enter into covenants, as described in subsection (2) of this section, for the benefit of bond owners or the providers of credit enhancement devices for bonds.

(k) Enter into covenants for the benefit of owners of bonds that are intended to allow bonds to bear interest that is excludable from gross income under the federal Internal Revenue Code or that is otherwise exempt from taxation by the United States.

(L) Take action to comply with the covenants.

(m) Establish bond debt service reserves.

(n) Fund debt service reserves out of bond proceeds or from other
revenues.

(2) Covenants authorized by subsection (1)(j) of this section may include, but are not limited to, covenants regarding the issuance of additional bonds, the imposition and collection of revenues that secure the bonds and the priority of payment of bonds.

(3) When the Oregon Constitution, a charter, a statute, an ordinance or a resolution authorizes a public body to spend bond proceeds for a particular purpose, the public body may also spend bond proceeds to finance costs of issuing the bonds, including costs of the services of bond counsel or other providers of bond-related services.

(4) When a public body redeems bonds, the public body shall give notice of redemption in the manner directed by the governing body of the public body.

SECTION 50. A public body may delegate to an elected or appointed official or an employee the authority to determine the maturity dates, principal amounts, redemption provisions, interest rates or the method for determining a variable or adjustable interest rate, denominations or other terms and conditions of the bonds issued by the public body.

SECTION 51. (1) As used in this section:
(a) “Obligation” means:
(A) A bond;
(B) The commitment of a public body in connection with a credit enhancement device; or
(C) An agreement for exchange of interest rates.
(b) “Property” means:
(A) Real or personal property, tangible or intangible, whether owned when a pledge is made or acquired subsequently to the time the pledge is made; and
(B) Revenues, contract rights, receivables or securities.
(2) The Uniform Commercial Code does not apply to the creation, perfection, priority or enforcement of a lien of a pledge made by a
public body.

(3) When otherwise authorized by charter, statute, ordinance or resolution to issue bonds, a public body may pledge as security for payment of obligations all or part of the property of the public body expressly authorized to be pledged by the governing body of the public body.

(4) The lien created by a pledge is valid and binding from the time the pledge is made. Pledged property is subject immediately to the lien of the pledge without physical delivery, filing or any other act.

(5) Except as expressly provided otherwise in an operative document, the lien of the pledge is superior to and has priority over all other claims and liens.

(6) When property subject to a pledge is acquired by a public body after the pledge is made:

(a) The property is subject to the lien upon acquisition by the public body without physical delivery, filing or any other act.

(b) The lien relates to the time the pledge was originally made.

(7) A public body may reserve a right to pledge a pledged property as security for bonds subsequently issued by the public body. If the public body reserves the right, subject to the terms of the operative document that created a previous pledge, the lien of the subsequent pledge may be on a parity or pari passu basis with the lien of the previous pledge, on a prior and superior basis with the lien of the previous pledge or on a subordinate basis with the lien of the previous pledge, as specified in the operative document creating the subsequent pledge. The lien of the subsequent pledge:

(a) Has the priority specified in the operative document creating the subsequent pledge; and

(b) Is superior to and has priority over all other claims and liens except the lien of a pledge with which the lien of the subsequent pledge is on a parity or subordinate basis, as specified in the operative docu-
ment.

(8) A pledgee may commence an action in a court of competent jurisdiction to foreclose the lien of the pledge and exercise rights and remedies available to the pledgee under the operative document.

(9) When pledged property consists of moneys or property that is in a fund for debt service reserves or payments, a pledgee may foreclose the lien of the pledge by applying the moneys or property in the fund to the payment of the bonds subject to the terms, conditions and limitations in the operative document.

SECTION 52. (1) The Legislative Assembly finds that:

(a) It is a matter of statewide concern that certain covenants made by public bodies regarding a pledge of revenues to secure bonds not be impaired by subsequent initiative or referendum measures.

(b) These covenants usually are in the form of a promise to charge and collect rates, fees, tolls, rentals or other charges sufficient to produce moneys to maintain a specified level of debt service coverage.

(c) The possibility that the covenants might be rolled back, frozen or otherwise subjected to subsequently imposed conditions or restrictions negatively affects the ability of public bodies to market their bonds, to obtain credit enhancement and to obtain satisfactory ratings on their bonds.

(2) Therefore, the Legislative Assembly declares that the covenants are material to the security for the bonds and to investors’ expectations regarding timely payment of the bonds.

(3) An elector-approved initiative or referendum measure that purports to change ordinances or resolutions affecting rates, fees, tolls, rentals or other charges has no force or effect if giving force and effect to the change would impair existing covenants made with existing bond owners.

(4) A public body may enter into rate covenants that obligate the public body to periodically set rates and charges:
(a) That generate pledged revenues at specific levels including, but not limited to, a specific monetary charge for each unit of commodity or service provided or a schedule of rates and charges that includes fixed and variable components;

(b) At levels sufficient to maintain underlying credit ratings assigned to bonds by one or more nationally recognized credit rating services without regard to improvement in credit ratings due to the additional security provided for the bonds by a credit enhancement device;

(c) That generate pledged revenues each year in amounts at least equal to operations and maintenance expenses of the system that produces the pledged revenues, plus debt service on revenue bonds and other borrowings, plus an additional amount that is reasonably required to obtain favorable terms for the revenue bonds and other borrowings; or

(d) In accordance with a formula established in the operative document governing revenue bonds or other borrowings. The formula may provide for rates and charges to be determined by reference to factors including, but not limited to:

(A) Historical operating expenses;

(B) Projected future operating expenses;

(C) The funding of depreciation;

(D) The costs of capital improvements;

(E) The costs of complying with contractual obligations and covenants;

(F) The costs of complying with regulatory requirements;

(G) Reports of independent consultants regarding the level of pledged revenues required to operate and maintain a utility in accordance with prudent utility practice;

(H) Debt service on the revenue bonds or other borrowings bonds; and

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(I) The moneys needed to establish or maintain reserves required by law or contract and the moneys needed to maintain an unencumbered carryforward fund balance or working capital to meet unanticipated expenses or fluctuations in revenues that may arise.

(5) Without regard to the date of execution of a rate covenant, a rate covenant authorized by this section is a contract that binds the public body and is enforceable against the public body in accordance with the terms of the rate covenant.

(Credit Enhancement)

SECTION 53. (1) A public body may obtain a credit enhancement device and enter into related agreements.

(2) The public body may pay the provider of the credit enhancement device solely from the same sources that the public body may lawfully use to pay the related bonds.

(3) The public body may issue a bond to the provider of a credit enhancement device to secure the obligations of the public body or to pay amounts due to the provider.

(Agreements for Exchange of Interest Rates)

SECTION 54. (1) As used in this section, “counterparty” means an entity with whom a public body enters into an agreement for exchange of interest rates.

(2) Upon a finding by a public body that an agreement for exchange of interest rates benefits the public body, the public body may enter into the agreement for exchange of interest rates with a counterparty. An agreement may be made to manage payment, interest rate, spread or similar exposure undertaken in connection with related bonds that:

(a) Exist when the agreement is executed;
(b) Are reasonably expected to be executed when regularly scheduled payments are due from the issuer under the agreement; or

(c) Are identified after the agreement is executed and substituted for related bonds described in paragraph (a) or (b) of this subsection as a result of prepayment, refunding, conversion, ratings changes, redemption, defeasance or other similar event.

(3) Upon entering into an agreement under this section and continuing until the agreement is satisfied, terminated or otherwise no longer in effect, provided a payment default has not occurred, the public body may treat the amount or rate of interest on the related bond as the amount or rate of interest payable after giving effect to the agreement for the purpose of calculating:

(a) Tax levies to pay regularly scheduled bond debt service; and

(b) Other amounts that are based on the rate of interest of the bond.

(4) Subject to covenants applicable to a related bond and the limitations of this section, payments required under an agreement for exchange of interest rates may:

(a) Be treated as interest payments on the related bond;

(b) Be made from revenues or other moneys contributed to or legally available to pay the related bond; and

(c) Rank in an order of priority of payment relative to the payment of the related bond as the public body determines.

(5) In connection with entering into an agreement for exchange of interest rates, a public body may enter into related agreements that enhance or support the credit of the public body or that enhance or support the liquidity of the agreement for exchange of interest rates.

(6) An agreement for exchange of interest rates entered into under this section:

(a) Is not a debt or other obligation of the issuer for purposes of any limitation upon the indebtedness of the issuer.
(b) Is subject only to the limitations of this section and is not subject to other limitations applicable to the related borrowing.

(7) A termination payment required to be paid by the public body under an agreement for exchange of interest rates may not be paid from ad valorem property taxes that the public body may levy and that are not subject to limitation under section 11 or 11b, Article XI of the Oregon Constitution.

(8) The Oregon Municipal Debt Advisory Commission shall adopt administrative rules establishing required terms, conditions, annual or periodic reporting requirements and other requirements for an agreement for exchange of interest rates entered into by a public body, if the commission determines those requirements are desirable to protect the interests of the public body.

(Refunding Bonds)

SECTION 55. (1) A public body may issue current refunding bonds to refund its outstanding bonds.

(2) A public body shall designate current refunding bonds as refunding bonds and shall issue the current refunding bonds with the same class and character as the bonds to be refunded. The current refunding bonds constitute a charge upon the same kinds of revenues or funds as were applicable to secure the principal of and the interest on the bonds refunded.

(3) A public body may issue:

(a) General obligation bonds to refund outstanding general obligation bonds without obtaining approval of the electors of the public body.

(b) Revenue bonds to refund revenue bonds that were issued in accordance with section 47 of this 2007 Act without complying with the procedures prescribed in section 47 of this 2007 Act.
(c) General obligation bonds as current refunding bonds with a maturity date not more than 30 days after the maturity date of the elector-approved general obligation bonds to be refunded. If the total debt service on the current refunding general obligation bonds does not exceed the total debt service on the general obligation bonds to be refunded, the amounts maturing on a given date may be changed, and the current refunding general obligation bonds may mature earlier than the bonds to be refunded.

(4) A public body may not issue current refunding bonds in an amount that, together with amounts on deposit in sinking funds or other moneys pledged to payment of the principal, exceeds the amount that the public body estimates is required to:

(a) Pay the refunded bonds;

(b) Fund reserves for the current refunding bonds;

(c) Pay costs of issuing the current refunding bonds and obtaining credit enhancement devices; and

(d) Pay other costs related to the current refunding bonds.

SECTION 56. (1) The Legislative Assembly declares that the issuance of advance refunding bonds and the authority to effect a forward current refunding are matters of general statewide concern and sections 55 to 60 of this 2007 Act preempt all local statutory or charter authority to issue advance refunding bonds or to effect a forward current refunding.

(2) A public body may issue advance refunding bonds or enter into forward current refundings in compliance with:

(a) Sections 55 to 60 of this 2007 Act; and

(b) Rules adopted by the Oregon Municipal Debt Advisory Commission.

(3) A public body shall designate advance refunding bonds and forward current refunding bonds as refunding bonds and shall issue the refunding bonds with the same class and character as the bonds to be
refunded. The refunding bonds constitute a charge upon the same kinds of revenues or funds as were applicable to secure the principal of and the interest on the bonds refunded.

SECTION 57. (1) The Oregon Municipal Debt Advisory Commission shall review the plan of a public body to issue advance refunding bonds or to enter into a forward current refunding as provided in this section.

(2) After adoption of an ordinance or resolution approving a plan to issue advance refunding bonds or to enter into a forward current refunding, a public body shall submit the refunding plan to the commission for review and approval.

(3) After review of a proposed refunding plan, the commission shall advise the public body, in writing, whether the sale of refunding bonds is authorized. If the commission does not notify the public body within 30 business days after receipt of the refunding plan, the refunding plan is deemed authorized and the public body may proceed.

(4) The Oregon Municipal Debt Advisory Commission shall adopt rules to regulate forward current refundings and the issuance of advance refunding bonds:

(a) As authorized by sections 55 to 60 of this 2007 Act; and

(b) That conform to laws and regulations of the United States that pertain to advance refunding and forward current refunding.

(5) In making determinations under this section, the commission shall consider all relevant factors, including:

(a) The purposes for which the refunding plan is adopted;

(b) The terms of the refunding plan;

(c) The effects, if any, of applicable federal laws; and

(d) The views of recognized experts in the field.

(6) The commission may charge a fee for expenses incurred in reviewing refunding plans.

SECTION 58. (1) As used in this section, “government obligations”
means:
(a) Direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America and bank certificates of deposit secured by the obligations;
(b) Bonds, debentures, notes, certificates of participation or other obligations issued by a federal agency or other instrumentality of the federal government; or
(c) Other debt obligations determined by administrative rule of the Oregon Municipal Debt Advisory Commission to be highly secured and widely accepted in the marketplace as obligations for a defeasance escrow.
(2) A public body shall use the proceeds of advance refunding bonds one year or more after the issuance of the advance refunding bonds.
(3) A public body may not issue advance refunding bonds in a principal amount in excess of the minimum principal amount estimated to be necessary:
(a) To purchase a principal amount of government obligations that is, together with the interest earnings thereon, sufficient to pay the installments of principal, interest and redemption premiums, if any, on the bonds being refunded when due in accordance with the advance refunding plan; and
(b) To pay amounts charged to the issuer as administrative costs, expenses or fees, in connection with the advance refunding transaction.
(4) If the public body that issues advance refunding bonds receives an amount of proceeds that exceeds the actual amount required under subsection (3) of this section, the public body must use the excess amount of proceeds to pay interest on the advance refunding bonds.
(5) Before applying advance refunding bond proceeds to the purposes for which the refunding bonds have been issued, a public body
may invest advance refunding bond proceeds, together with other
moneys set aside for the payment of the bonds to be refunded, only in
government obligations.

(6) The public body shall make investments pursuant to subsection
(5) of this section at times and in a manner required to provide funds
sufficient to pay principal, interest and redemption premiums, if any,
in accordance with the advance refunding plan. To the extent inci-
dental expenses have been capitalized, the public body may use the
advance refunding bond proceeds to defray the expenses. The Oregon
Municipal Debt Advisory Commission must approve the governmental
obligations used for investment of advance refunding bond proceeds.

SECTION 59. When computing indebtedness for the purpose of a
constitutional or statutory debt limitation, a public body may deduct
from the amount of outstanding indebtedness:

(1) The amount of money and investments credited to or on deposit
for the retirement of general obligation bonds or special revenue
bonds.

(2) The amount of government obligations placed irrevocably in
escrow if the amount is sufficient to pay principal and interest on
outstanding bonds issued by the public body as they mature or are
called for prior redemption irrevocably. Bonds for which government
obligations have been deposited irrevocably in escrow are deemed to
be defeased to the same extent as if the bonds had been advance re-
funded pursuant to sections 55 to 60 of this 2007 Act.

SECTION 60. (1) Pursuant to section 68 of this 2007 Act, a public
body, if necessary or appropriate, shall annually cause to be levied
upon the taxable property within its boundaries a sum sufficient, with
other revenues that are available, to pay the maturing interest and
principal of advance refunding bonds that are general obligation
bonds.

(2) Notwithstanding any other provision of law, a public body may
not cause to be levied upon the taxable property within its boundaries a tax to pay the maturing interest and principal on bonds being refunded pursuant to sections 55 to 60 of this 2007 Act, if the amount owed on the bonds being refunded is secured by the investment of the advance refunding bond proceeds together with other moneys the governing body of the public body may set aside for the payment of the bonds to be refunded.

(Oregon Municipal Debt Advisory Committee)

SECTION 61. ORS 287.030 is amended to read:

287.030. (1) [There is created] The Oregon Municipal Debt Advisory Commission is hereby created, consisting of the following seven members, selected as follows:

(a) The State Treasurer or [designate] the State Treasurer’s designee.

(b) Three [local government] public body finance officers[,] appointed by the Governor[, one each among persons]:

(A) One of whom is an individual recommended by the Association of Oregon Counties[.]

(B) One of whom is an individual recommended by the League of Oregon Cities[.]

(C) One of whom is an individual recommended by the Oregon School Boards Association. [and]

(c) One representative of special districts appointed by the Governor.

[(c)] (d) Two public members not represented in the other categories of appointment, appointed by the Governor.

(2) The term of office of an appointed member is four years, but appointed members serve at the pleasure of the Governor. [Before the expiration of the term of an appointed member, the Governor shall appoint a successor to assume the duties of the member on July 1, next following.] A member is eligible for reappointment for [not to exceed] no more than one additional term.
(3) Before the expiration of the term of an appointed member, the Governor shall appoint a successor to assume the duties of the member on July 1 next following. In case of a vacancy for any cause, the Governor shall make an appointment to become effective immediately for the unexpired term.

[(3)] (4) The Governor shall designate one of the appointed members [as chairperson] to serve a one-year term [of one year] as chairperson, subject to reappointment.

[(4)] (5) Appointed members of the commission [shall be] are entitled to compensation and expenses as provided in ORS 292.495.

SECTION 62. ORS 287.032 is amended to read:

287.032. (1) The Oregon Municipal Debt Advisory Commission shall meet:

(a) At the call of the chairperson; or

(b) At the request of:

(A) A majority of the members;

(B) The State Treasurer; or

(C) The Governor.

(2) A majority of all members of the advisory commission constitutes a quorum for the transaction of business.

(3) [All] The office of the State Treasurer shall provide the commission with administrative and clerical assistance required by the [advisory] commission [shall be furnished by the office of the State Treasurer].

SECTION 63. ORS 287.034 is amended to read:

287.034. (1) The Oregon Municipal Debt Advisory Commission may:

[(1)] (a) Provide assistance and consultation, upon request of the state or [of local government units] a public body, to assist them in the planning, preparation, marketing and sale of new bond issues to reduce the cost of the issuance to the issuer and to assist in protecting the issuer’s credit.

[(2)] (b) Collect, maintain and provide financial, economic and social data on [local government units] public bodies pertinent to their ability to assume and service bonded [obligations] indebtedness.
[(3)] (c) Collect, maintain and provide information on bonds sold and outstanding and serve as a clearinghouse for all local bond issues.

[(4)] (d) Maintain contact with municipal bond underwriters, credit rating agencies, investors and others to improve the market for [local government] public body bond issues.

[(5) Prepare, advertise and distribute, upon request of issuers, preliminary official statements required by ORS 287.018 and notices of bond sales required by ORS 287.022.]

[(6)] (e) Undertake or commission studies on methods to reduce the costs of state and local bond issues.

[(7)] (f) Recommend changes in state law and local practices to improve the sale and servicing of local bonds.

[(8)] (g) Perform any other function required or authorized by law.

[(9)] (h) Pursuant to ORS chapter 183, adopt rules necessary to carry out its duties.

(2) The commission shall publish:

(a) A periodic newsletter describing proposed bond issues, bond sales, refundings, credit rating changes and other information relating to municipal bonds that is pertinent to issuers, underwriters, investors and the public.

(b) An annual report describing and evaluating the operations of the commission during the preceding year.

(3) The commission may charge reasonable fees for providing services under subsection (1) of this section.

(4) The commission shall transfer the amounts received under this section to the State Treasurer for deposit in an account in the General Fund. The moneys deposited in the General Fund pursuant to this section are continuously appropriated to the State Treasurer for payment of expenses incurred by the State Treasurer in providing services to the commission pursuant to ORS 287.032.

SECTION 64. ORS 287.040 is amended to read:
287.040. (1) The Oregon Municipal Debt Advisory Commission, by rule, shall require a public body to provide the commission with prior notice of proposed issuance of new bonds [by a public body to be made to the advisory commission in such form and at such times as the advisory commission specifies.]

[(2) As used in this section:]

[(a) “Bonds” means general obligation, revenue or tax increment bonds, certificates of participation, special assessment bonds, limited tax obligations or notes of a public body.]

[(b) “Public body” means the governing body or authorized board, commission or person representing any political subdivision or municipal, quasi-municipal or public corporation in this state authorized by law to issue bonds.] in a form and at times specified by the commission.

(2) To assist the commission in carrying out its duties, a public body authorized by law to issue bonds shall verify, with the commission, the information maintained by the commission on the public body’s outstanding bonds.

(Debt Limit Calculation)

SECTION 65. When calculating compliance with a debt limit for a public body:

(1) The amount of interest to be paid on bonds, whether paid currently or deferred, is not taken into account;

(2) For a zero coupon bond or other original discount bond on which periodic interest payments are not made, only the accreted value of the bonds on the date the bonds are issued is taken into account; and

(3) If a bond is issued to a provider of a credit enhancement device for a bond that is subject to a debt limit, the bond issued to the credit enhancement provider is taken into account only to the extent that the amount of the bond issued to the provider of the credit enhance-
ment device exceeds the amount of the bond secured by the credit enhancement device.

(Taxation)

SECTION 66. Interest on bonds of a public body is exempt from personal income tax under ORS chapter 316.

(Remedies for Misspent Proceeds)

SECTION 67. (1) If a court of competent jurisdiction determines that the proceeds of an issue of general obligation bonds have been used by a public body for expenditures that are not capital construction or capital improvements, the court may order the public body to:

(a) Replace the misspent proceeds with interest, on a reasonable schedule determined by the court, from moneys other than the tax revenues that the public body levies to pay the debt service; and

(b) Use the replaced moneys for capital construction or capital improvement expenditures or to pay the debt service.

(2) If the public body fails to comply with an order to replace the misspent proceeds or acknowledges that the public body is unable to replace the misspent proceeds, the court may determine that a portion of the future levies to pay the debt service is subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution, by calculating the amount of the tax revenues that are necessary to pay the principal and interest on the bonds that is allocable to the misspent proceeds.

(3) An action may not be filed or maintained against a public body because of an alleged expenditure of the bond proceeds of general obligation bonds for purposes other than capital construction or capital
improvements, if the misspent moneys are less than $5,000.

(Tax Levy Authority)

SECTION 68. (1) In addition to other taxes imposed, a public body shall levy annually an ad valorem property tax on the taxable property within the boundaries of the public body in an amount that is sufficient, when added to other amounts available, to pay the principal of and interest on outstanding general obligation bonds issued by the public body.

(2) A public body may:
(a) Use the revenues collected under this section and earnings on the revenues only to pay the principal of and interest on general obligation bonds.
(b) Not use or divert revenues pledged to the payment of several obligation bonds for any other purpose if principal or interest remains outstanding on the bonds.
(c) If a surplus amount remains after the principal of and interest on an issue of general obligation bonds have been paid and the public body has no other expenses related to the bonds, transfer the surplus moneys to a fund designated by the governing body of the public body.

(Authority Conveyed to Public Bodies)

SECTION 69. The powers conveyed to public bodies by sections 43 to 60 and 65 to 71 of this 2007 Act are in addition to any other powers possessed by public bodies and do not limit those other powers.

(Public Records)

SECTION 70. The records of registered bond ownership, whether
maintained by a public body or otherwise, are not public records within the meaning of ORS 192.410 (4).

(Application to Refunding Bonds)

SECTION 71. (1) ORS 288.605 to 288.695 (2005 or earlier edition) do not apply to or affect advance refunding bonds issued prior to October 4, 1977.

(2) Sections 55 to 60 of this 2007 Act do not apply to or affect refunding bonds issued prior to the effective date of this 2007 Act.

CONFORMING CHANGES

SECTION 72. ORS 190.080 is amended to read:

190.080. (1) An intergovernmental entity created by an intergovernmental agreement under ORS 190.010 may, according to the terms of the agreement:

(a) Issue revenue bonds under ORS [288.805 to 288.945] chapter 287 or enter into financing agreements authorized under ORS 271.390 to accomplish the public purposes of the parties to the agreement, if after a public hearing the governing body of each of the units of local government that are parties to the agreement approves, by resolution or order, the issuance of the revenue bonds or entering into the financing agreement;

(b) Enter into agreements with vendors, trustees or escrow agents for the installment purchase or lease, with option to purchase, of real or personal property if the period of time allowed for payment under an agreement does not exceed 20 years; and

(c) Adopt all rules necessary to carry out its powers and duties under the intergovernmental agreement.

(2) Except as provided in ORS 190.083, an intergovernmental entity may not levy taxes or issue general obligation bonds.

(3) The debts, liabilities and obligations of an intergovernmental entity
shall be, jointly and severally, the debts, liabilities and obligations of the
parties to the intergovernmental agreement that created the entity, unless
the agreement specifically provides otherwise.

(4) A party to an intergovernmental agreement creating an intergovernmental
entity may assume responsibility for specific debts, liabilities or obligations of the intergovernmental entity.

(5) Any moneys collected by or credited to an intergovernmental entity
shall not accrue to the benefit of private persons. Upon dissolution of the
entity, title to all assets of the intergovernmental entity shall vest in the
parties to the intergovernmental agreement. The agreement creating the entity shall provide a procedure for:

(a) The disposition, division and distribution of any assets acquired by the
intergovernmental entity; and

(b) The assumption of any outstanding indebtedness or other liabilities
of the entity by the parties to the intergovernmental agreement that created
the entity.

(6) An intergovernmental entity created by intergovernmental agreement
under ORS 190.010 may be terminated at any time by unanimous vote of all
the parties to the intergovernmental agreement or as provided by the terms
of the agreement.

SECTION 73. ORS 190.083 is amended to read:

190.083. (1) Before a county enters into an intergovernmental agreement
creating an intergovernmental entity to operate, maintain, repair and modernize transportation facilities, the county shall obtain approval of the terms and conditions of the agreement from the governing bodies of a majority of the cities within the county.

(2) Subject to the provisions of this section, an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities may issue general obligation bonds and assess, levy and collect taxes in support of the purposes of the entity.

(3)(a) To carry out the purposes of an intergovernmental agreement under
this section, and when authorized at an election described in paragraph (b) of this subsection, an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities may borrow moneys and sell and dispose of general obligation bonds. Approval requires an affirmative vote of a majority of the electors within the intergovernmental entity voting in the election.

(b) If the bonds are not subject to the limitations under section 11 or 11b, Article XI of the Oregon Constitution:

(A) The proposition submitted to the electors shall provide that the intergovernmental entity shall assess, levy and collect taxes each year on the assessed value of all taxable property within the intergovernmental entity for the purposes of paying the principal and interest on the general obligation bonds;

(B) The election must comply with the voter participation requirements of section 11 (8), Article XI of the Oregon Constitution; and

(C) Outstanding bonds may never exceed in the aggregate two percent of the real market value of all taxable property within the entity.

(4) The governing body of an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities shall issue the bonds from time to time as authorized by the electors of the entity. The governing body shall issue the bonds according to the applicable provisions of ORS chapters 287 and 288. 

(5) The electors of an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities may establish a permanent rate limit for ad valorem property taxes for the entity pursuant to section 11 (3)(c), Article XI of the Oregon Constitution.

(6) An intergovernmental entity created to operate, maintain, repair and modernize transportation facilities may exercise the powers necessary to carry out the purposes of the intergovernmental agreement, including but not limited to the authority to enter into agreements and to expend tax proceeds and other revenues the entity receives.
(7) An intergovernmental entity created to operate, maintain, repair and modernize transportation facilities is not a district as defined in ORS 198.010 and is not subject to the provisions of ORS chapter 451.

(8) An intergovernmental entity described in this section is subject to ORS 294.305 to 294.565 for each fiscal year or budget period in which the entity proposes to impose or imposes ad valorem property taxes.

SECTION 74. ORS 190.265 is amended to read:

190.265. (1) Pursuant to ORS 190.010, 190.020 and 190.085, counties may establish, by agreement ratified by the governing body of each county as provided in ORS 190.085, an intergovernmental corrections entity for the purposes of:

(a) Making application under ORS 423.525 to provide local correctional facilities including, but not limited to, facilities funded under ORS 423.525, including land, structures, equipment, supplies and personnel necessary to acquire, develop, maintain and operate the local correctional facilities; and

(b) Administering local community corrections programs and services.

(2) An intergovernmental corrections entity consists of the entire combined territories of the counties establishing the entity. Notwithstanding any provision in ORS chapter 190 and subject to the provisions of this section, an intergovernmental corrections entity may issue general obligation bonds and assess, levy and collect taxes in support of the purposes of the entity. An intergovernmental corrections entity is not a district for purposes of ORS chapter 198 and is not subject to ORS chapter 451.

(3) To carry out the purposes for which the entity was established and when authorized at an election properly called for that purpose, an intergovernmental corrections entity may borrow money and sell and dispose of general obligation bonds. Approval or denial of the proposition submitted to the electors of the intergovernmental corrections entity shall be by a majority of the electors voting in the election. The proposition submitted to the electors shall make provision for the assessment, levy and collection each year of taxes on the assessed value of all taxable property within the entity.
to be applied for the purposes of paying the principal and interest on the
general obligation bonds. Outstanding bonds may never exceed in the ag-
gregate two percent of the real market value of all taxable property within
the entity.

(4) The bonds shall be issued from time to time by the governing body of
the entity on behalf of the entity as authorized by the electors of the entity.
The bonds shall be issued in accordance with the applicable provisions of
ORS [chapters 287 and 288] chapter 287.

(5) An intergovernmental corrections entity may impose operating taxes
by establishing a permanent rate limit under section 11 (3)(c), Article XI of
the Oregon Constitution, and the laws adopted thereunder. An intergovern-
mental corrections entity may impose other ad valorem property taxes in the
manner provided by law.

(6) Local correctional facilities provided by or furnished to a county un-
der this section shall be considered to be jail accommodations of the county
for purposes of ORS 135.215, 137.140 and 137.330.

(7) An intergovernmental corrections entity may exercise any of the
powers granted by this section, any of the powers of an intergovernmental
entity created under ORS 190.010, 190.020 and 190.085 and any powers nec-
essary to effectuate the purposes for which the entity is formed. These pow-
ers include, but are not limited to, the authority to contract or make
agreements with third parties, governmental and private, and the authority
to expend, consistent with the purposes for which the entity is formed, any
tax proceeds, general obligation bond proceeds and other revenues received
by the entity. This section and the powers granted by it shall be construed
liberally to effectuate its purposes.

SECTION 75. ORS 223.235 is amended to read:

223.235. (1) When in any local government a bond lien docket is made up,
as provided in ORS 223.230, as to the final assessments for any local im-
provement, the local government shall by ordinance or resolution of the
governing body authorize the issue of its bonds pursuant to the applicable
provisions of ORS chapter \[288\] \[287\] and in accordance with this section.

(2) The bonds authorized to be issued under this section must be issued in an amount that does not exceed the unpaid balance of all final assessments for the related local improvements, plus the amounts necessary to fund any debt service reserve and to pay any other financing costs associated with the bonds.

(3)(a) If the question of the issuance of the specific bonds has been approved by the electors of the local government and the bonds are issued as general obligation bonds, the local government shall each year assess, levy and collect a tax on all taxable property within its boundaries. The amount of the tax must be sufficient to pay all principal of and interest on the bonds that are due and payable in that year and to replenish any debt service reserves required for the bonds. In computing the amount of taxes to impose, the local government shall:

(A) Deduct from the total amount otherwise required the amount of final installment payments that are pledged to the payment of the bonds and that are due and payable in that year; and

(B) Add to this net amount the amount of reasonably anticipated delinquencies in the payments of the installments or the taxes.

(b) The taxes must be levied in each year and returned to the county officer whose duty it is to extend the tax roll within the time and in the manner provided in ORS 310.060.

(c) The taxes become payable at the same time and are collected by the same officer who collects county taxes and must be turned over to the local government according to law.

(d) The county officer whose duty it is to extend the county levy shall extend the levy of the local government in the same manner as city taxes are extended. Property may be sold for nonpayment of the taxes levied by a local government in like manner and with like effect as in the case of county and state taxes.

[(4) If the question of the issuance of the specific bonds has not been ap-]
proved by the electors of the local government, the local government may issue the bonds as limited tax bonds, as defined in ORS 288.150.]

[(5)(a)] (4)(a) All bonds issued pursuant to this section, including general obligation bonds, are secured by and payable from the installments of final assessments with respect to which the bonds were issued.

(b) In the ordinance or resolution authorizing the issuance of the bonds, the governing body of the issuing local government may:

(A) Provide that installments of final assessments levied with respect to two or more local improvements shall secure a single issue of bonds.

(B) Reserve the right to pledge, as security for any bonds thereafter issued pursuant to this section, any installments of final assessments previously pledged as security for other bonds issued pursuant to this section.

(c) All bonds must be secured by a lien on the installments of final assessments with respect to which they were issued. The lien is valid, binding and fully perfected from the date of issuance of the bonds. The installments of final assessments are immediately subject to the lien without the physical delivery thereof, the filing of any notice or any further act. The lien is valid, binding and fully perfected against all persons having claims of any kind against the local government or the property assessed whether in tort, contract or otherwise, and irrespective of whether the persons have notice of the lien.

[(6)] (5) As additional security for any bonds issued under this section, including general obligation bonds, the governing body of the issuing local government may pledge or mortgage, or grant security interests in, its revenues, assets and properties, and otherwise secure and enter into [covenant] covenants with respect to the bonds[,] as provided in ORS [288.155] chapter 287.

[(7)(a)] (6)(a) A local government may, from time to time after the undertaking of a local improvement has been authorized, borrow money and issue and sell notes for the purpose of providing interim financing for the actual costs of the local improvement.
(b) Notes authorized under this subsection may be issued in a single series for the purpose of providing interim financing for two or more local improvements.

(c) Notes authorized under this subsection may not mature later than one year after the date upon which the issuing local government expects to issue bonds for the purpose of providing permanent financing with respect to installment payments of the final assessments for the local improvements.

(d) Any notes authorized under this subsection may be refunded from time to time by the issuance of additional notes or out of the proceeds of bonds issued pursuant to this section. The notes may be made payable from the proceeds of any bonds to be issued under this section to provide permanent financing or from any other sources from which the bonds are payable.

(e) The governing body of the issuing local government may pledge to the payment of the notes any revenues that may be pledged to the payment of bonds authorized to be issued under this section with respect to the local improvements for which the notes provide interim financing.

SECTION 76. ORS 223.262 is amended to read:

223.262. (1) As used in ORS 223.205 and 223.210 to 223.295:

(a) “Assessment contract” means the obligation to pay final assessments in installments that arise when a property owner submits an application to pay assessments in installments under ORS 223.210 or a similar provision of a local charter.

(b) “Assessment contract rights” includes the right to receive installment payments of final assessments, with interest, made under an assessment contract, and the right to enforce the lien of the final assessment.

(2) Any local government that receives or expects to receive assessment contracts may:

(a) Sell or assign to third parties all or any portion of its assessment contract rights.

(b) Create corporations or other business entities to factor assessment contract rights.
(c) Create grantor trusts and transfer to the trusts assessment contract rights.

(d) Contract to service assessment contracts and assessment liens for the owners of assessment contract rights, or contract with third parties to service assessment contracts and assessment liens for the owners of assessment contract rights.

(e) Serve as a trustee for the owners of assessment contract rights.

(f) Enter into contracts necessary to carry out the provisions of this section.

(3) Any trust created under this section may fractionalize and sell assessment contract rights.

(4) Assessment contract rights, any interests therein and any interests in trusts secured primarily by assessment contract rights shall be exempt from registration under ORS 59.055.

(5) If assessment contract rights that secure outstanding obligations of a local government are sold or assigned under this section, an amount shall be placed irrevocably in escrow that is calculated to be sufficient to pay all principal and interest on the outstanding obligations as they mature or are irrevocably called for prior redemption, in accordance with ORS 288.677. Any sale proceeds not required to fund the escrow may be placed in the general fund of the local government. If only a portion of the contract rights securing outstanding obligations is sold, then the amount of outstanding obligations that must be defeased pursuant to this subsection shall be that proportion of the principal amount of the outstanding obligations that the principal amount of the contract rights that are sold represents to the total principal amount of the contract rights that secure the outstanding obligations.

SECTION 77. ORS 223.905, 223.910, 223.915, 223.920 and 223.925 are repealed.

SECTION 78. ORS 238.692 is amended to read:

238.692. As used in ORS 238.692 to 238.698:
“(1) “Governmental unit” has the meaning given that term in ORS 288.150, and includes an agency created by two or more political subdivisions pursuant to ORS 190.003 to 190.130 or 190.265.

(2) “Pension liability” means:

(a) Monetary obligations of a participating public employer for which the employer is or will be required to transmit amounts to the Public Employees Retirement Board under the provisions of ORS 238.225, including any obligations arising out of an integration contract under ORS 238.680, or any other liability of a governmental unit public body that is attributable to an obligation to pay pensions or other retirement benefits to officers or employees of the governmental unit public body, whether active or retired; and

(b) Monetary obligations of a public employer arising out of an integration contract under ORS 238.680 for which the employer is required to transmit amounts to the Public Employees Retirement Board.

(2) “Public body” has the meaning given that term in section 43 of this 2007 Act.

(3) “State agency” means any officer, board, commission, department, division or institution in the administrative branch of state government.

SECTION 79. ORS 238.694 is amended to read:

238.694. (1) The Legislative Assembly finds that authorizing issuance of limited tax bonds or revenue bonds to finance pension liabilities may reduce the cost of public pensions to taxpayers and that the reduction of those costs to taxpayers is a matter of statewide concern.

(2) Notwithstanding the limitation on indebtedness in ORS 287.053 section 46 of this 2007 Act or any other limitation on indebtedness or borrowing under state or local law, for the purpose of obtaining funds to pay the pension liability of a governmental unit public body, the governing body of a governmental unit public body may authorize and cause the issuance of limited tax bonds as defined in ORS 288.150,] revenue bonds [authorized by charter or pursuant to ORS 288.805 to 288.945, or any combination
of those bonds] under ORS chapter 287.

(3) The governing body of a governmental unit public body may pledge the full faith and credit and taxing power of the governmental unit public body to the payment of the principal and interest on bonds issued under ORS 238.692 to 238.698, and any premium on those bonds.

[(4) Except as otherwise provided in this section, limited tax bonds authorized under this section must be issued in the manner prescribed by the applicable provisions of ORS chapters 287 and 288 for the issuance of limited tax bonds.]

[(5) Unless the charter of a county provides a lower limit, a county may issue limited tax bonds to finance pension liabilities in an amount that does not exceed five percent of the real market value of the taxable property within the boundaries of the county.]

[(6)] (4) Revenue bonds authorized under this section need not comply with the procedure specified in [ORS 288.815] section 47 of this 2007 Act.

[(7)] (5) A governmental unit public body that issues [limited tax bonds or] revenue bonds under this section may also issue [limited tax bonds or] revenue bonds for the purpose of refunding the bonds.

[(8)] (6) A governmental unit public body may enter into indentures or other agreements with trustees or escrow agents for the issuance, administration or payment of bonds authorized under this section.

SECTION 80. ORS 238.695 is amended to read:

238.695. (1) [Governmental units] Public bodies may enter into intergovernmental agreements for the collective issuance, administration or payment of bonds authorized under ORS 238.694. An agreement for collective issuance, administration or payment of bonds under this subsection may provide for the contribution and pooling of the assets of the governmental units public bodies as security for the bonds, and may make provisions for such other matters as the governmental units public bodies determine convenient. Notwithstanding ORS 190.080, any intergovernmental entity created by governmental units public bodies under this section shall have the power
to issue bonds as described in ORS 238.694. The bonds may be issued and sold as parity bonds, issued and sold individually or issued and sold in such combinations or forms as determined to be appropriate by the [governmental units] public bodies.

(2) Proceeds of bonds sold under an intergovernmental agreement entered into under this section, and any other funds or assets of a [governmental unit] public body, together with interest or earnings on the proceeds, funds and assets, may be consolidated into one or more funds or accounts and may be pledged to the holders of the bonds.

(3) [Governmental units] Public bodies may enter into indentures or other agreements with trustees or escrow agents for the issuance, administration or payment of bonds pursuant to an intergovernmental agreement entered into under this section.

(4) The State Treasurer may cooperate with, assist and provide recommendations to [governmental units] public bodies, and any intergovernmental entity created by [governmental units] public bodies under this section, relating to all matters involved in the issuance, administration and payment of bonds. Any expenses incurred by the State Treasurer in providing assistance to [governmental units] public bodies under this section may be paid as an administrative expense of the [governmental unit] public body from the proceeds of the bonds issued with the assistance of the State Treasurer.

SECTION 81. ORS 238.696 is amended to read:

238.696. (1) A [governmental unit] public body, or a group of [governmental units] public bodies that enter into an intergovernmental agreement under ORS 238.695, may establish a debt service trust fund for the purpose of paying the principal and interest on bonds issued under ORS 238.692 to 238.698. The trustee of the debt service trust fund shall hold the moneys paid into the trust fund solely for the purpose of paying the principal and interest on bonds issued under ORS 238.692 to 238.698 and for paying the administrative costs of the trust fund.
(2) Moneys held in a debt service trust fund are subject to the limitations on investment imposed by ORS 294.033 and 294.035.

(3) A [governmental unit] public body, or a group of [governmental units] public bodies that enter into an intergovernmental agreement under ORS 238.695, that has established a debt service trust fund under this section may not divert or pledge any moneys paid into the trust fund for any purpose other than the purpose specified in subsection (1) of this section until the total amount of principal and interest on bonds issued by the [governmental unit] public body or under the intergovernmental agreement, and any premium on those bonds, is paid.

SECTION 82. ORS 238.698 is amended to read:

238.698. (1) A [governmental unit] public body, or a group of [governmental units] public bodies that enter into an intergovernmental agreement under ORS 238.695, that receives funds from any state agency may enter into a funds diversion agreement with the state agency for the purpose of paying the principal and interest on bonds issued under ORS 238.692 to 238.698, and any premium on those bonds. A diversion agreement entered into under this section must provide that:

(a) Moneys payable to the [governmental unit or governmental units] public body or group of public bodies by the state agency from appropriations from the General Fund or any other source of moneys will be paid directly to a debt service trust fund established under ORS 238.696 in amounts equal to the debt service owed by the [governmental unit or governmental units] public body or group of public bodies;

(b) The state agency must pay the amounts required under the funds diversion agreement to the debt service trust fund established under ORS 238.696 pursuant to the schedule specified in the agreement before paying any other amounts to the [governmental unit or governmental units] public body or group of public bodies;

(c) The agreement is irrevocable; and

(d) The agreement will remain in effect until all the bonds issued by the
[governmental unit] public body or under the intergovernmental agreement are mature or redeemed.

(2) If for any reason a state agency that has entered into a funds diversion agreement is not able to pay moneys to a debt service trust fund as contemplated by the agreement, the state agency shall give notice to the [governmental unit or governmental units] public body or group of public bodies within 30 days after the state agency is aware that the moneys will not be paid.

(3) Nothing in this section, or in any funds diversion agreement entered into by a state agency under this section, may in any manner obligate the state or any state agency:

(a) To pay any amount to a [governmental unit] public body that the [governmental unit] public body is not otherwise entitled to receive under law; or

(b) To pay any principal or interest on bonds issued under ORS 238.692 to 238.698.

SECTION 83. ORS 261.371 is amended to read:

261.371. (1) Notwithstanding any other provision of law, revenue bonds issued and sold under this chapter may be sold by any district at public or private sale upon the terms and conditions, at the rates of interest, for the prices and at the discount or premium that the board of directors considers most advantageous to the district, with or without public bidding.

(2) All legally authorized and issued general obligation bonds shall be sold by public bidding, except that general obligation bonds may be sold to a state or to the United States or any agency, corporation or instrumentality of a state or of the United States at private sale in such blocks as the board of directors may determine.

(3) All revenue or general obligation bonds [to be sold by public bidding shall be advertised and sold in the manner prescribed in ORS 287.014 to 287.022] shall be issued as prescribed in ORS chapter 287.

SECTION 84. ORS 264.280 is amended to read:
264.280. All general obligation and revenue bonds, including refunding bonds, issued under ORS 264.250 to 264.270 shall be [advertised and sold in the manner prescribed in ORS 287.014 to 287.022 for the sale of bonds of cities of this state] issued as prescribed in ORS chapter 287.

SECTION 85. ORS 266.512 is amended to read:

266.512. (1) Whenever authorized by the electors, the district board may issue general obligation bonds of the district, not exceeding in value the amount stated in the notice of election and for the purpose therein named, bearing interest at a rate determined by the board, payable semiannually, redeemable at such time or times as the board may, at the time of providing for the issuance thereof, determine, but due and payable not to exceed 30 years from date.

(2) The aggregate amount of general obligation bonds issued and outstanding at any one time shall in no case exceed two and one-half percent of the real market value of all taxable property of the district, computed in accordance with ORS 308.207.

(3) General obligation or revenue bonds must recite that they are issued under this chapter. All bonds shall be signed by the president of the district board, attested by the secretary and registered by the county treasurer. The interest coupons thereto annexed shall be signed by the president and secretary, by their original or engraved facsimile signatures.

(4) All general obligation and revenue bonds issued, including refunding bonds, shall be [advertised and sold in the manner prescribed by ORS 287.014 to 287.022 for the sale of bonds of cities of this state] issued as prescribed in ORS chapter 287.

SECTION 86. ORS 267.345 is amended to read:

267.345. All general obligation and revenue bonds, including refunding bonds, issued under ORS 267.330 to 267.345 shall be [advertised and sold in the manner prescribed by ORS 287.014 to 287.022 for the sale of bonds of cities of this state] issued as prescribed in ORS chapter 287.

SECTION 87. ORS 267.400 is amended to read:
267.400. (1) A district may borrow moneys by issuing notes, warrants or other obligations:

(a) In anticipation of taxes or other revenues, including but not limited to grants awarded by the state or federal government; or

(b) To refund obligations authorized under this section.

(2) To secure obligations authorized under this section a district may:

(a) Pledge as primary security for the obligations the taxes and other revenues in anticipation of which the obligations are issued, including but not limited to grants from the state or federal government;

(b) Pledge as secondary security for the obligations the taxes and other revenues of the district other than those in anticipation of which the obligations are issued;

(c) Segregate any pledged funds in separate accounts which may be held by the district or third parties;

(d) Establish any reserves deemed necessary by the district for the payment of the obligations; and

(e) Adopt resolutions containing covenants and provisions for protection and security of the holders of obligations, which shall constitute enforceable contracts with such holders.

(3) Each issue of obligations authorized by this section:

(a) If issued in anticipation of taxes, shall not be issued prior to, and shall mature not later than the end of, the fiscal year in which the taxes are expected to be received;

(b) If issued in anticipation of other revenues, including grants for operating purposes from the state or federal government, shall not be issued more than one year prior to the time at which the district expects to receive the last installment of the revenues or grants in anticipation of which the obligations are issued, and shall mature not more than one year after the date of issue;

(c) If issued in anticipation of capital improvement grants from the state or federal government, shall not be issued more than 30 months prior to the
time at which the district expects to receive the last installment of the capital improvement grant in anticipation of which the obligations are issued, and shall mature no later than 30 months after the date of issue or six months after the time at which the district expects to receive the last installment of the capital improvement grant in anticipation of which the obligations are issued, whichever is earlier;

(d) If issued in anticipation of taxes or revenues other than grants from the state or federal government, shall not be issued in an amount greater than 80 percent of the amount of taxes or such other revenues budgeted to be received by the district and in anticipation of which such obligations are issued; and

(e) If issued in anticipation of grants from the state or federal government, shall not be issued in an amount greater than 80 percent of the amount of such grants.

(4) Except as this section otherwise specifically provides, obligations authorized by this section may be in any form and contain any terms, including provisions for the varying of interest rates in accordance with any index, bankers’ loan rate or other standard. A district may issue and sell as part of a single offering obligations in anticipation of two or more grants from the state or federal government, in which event the obligations constituting a part of the offering shall be issued as separate series with one series corresponding to each grant in anticipation of which the obligations are issued. A district may only pledge as primary security for a series of obligations constituting part of a single offering the grant in anticipation of which such series is issued. For purposes of subsection (3) of this section, each series of obligations constituting part of a single offering shall be a separate issue of obligations.

(5) When the taxes or other revenues, including grants from the state or federal government, in anticipation of which the obligations authorized by this section are issued are not received by the district at such time or in such amounts as will enable the district to pay the obligations at maturity,
the district shall, to the extent available, first apply to the payment of the
obligations the taxes or other revenues in anticipation of which such obli-
gations were issued, and the district may pay the balance owing under such
obligations out of any other taxes or revenues available for such purpose.

(6) The district may contract with third parties to serve as issuing, paying
and authenticating agents for any obligations authorized by this section.

(7) Obligations authorized by this section [may be sold at public or private
sale upon such terms as the district finds advantageous, with such disclosure
as the district deems appropriate. ORS 287.014 to 287.022 shall not apply to
obligations authorized by this section. ORS 287.040 shall apply to obligations
authorized under this section] shall be issued as prescribed in ORS chap-
ter 287.

(8) Any pledge made pursuant to subsection (2) of this section shall be
valid and binding from and after the date of issue of the obligations secured
by such pledge and the taxes or other revenues pledged shall be immediately
subject to the lien of such pledge without the physical delivery thereof, the
filing of any notice or any further act. The lien of any pledge made pursuant
to subsection (2) of this section shall be valid and binding against all persons
having claims of any kind against the district whether in tort, contract or
otherwise, irrespective of whether such persons have notice thereof.

(9) The district shall deposit, when received, a portion of the taxes or
other revenues in anticipation of which the obligations authorized by this
section are issued in a separate account. Deposits to the account shall be
made according to a schedule which requires that not less than 100 percent
of such taxes or other revenues received by the district after the estimated
date of the district’s maximum cumulative cash flow deficit be placed in the
account until sufficient amounts are in the account to pay principal and in-
terest due on the obligations at maturity. The schedule shall be established
by the district in its proceedings to issue the obligations. Moneys in the
account shall be used only to pay principal and interest on the obligations,
and may be pledged by the district for such purpose.

[89]
SECTION 88. ORS 267.630 is amended to read:

267.630. (1) For the purpose of performing any service that the district has power to perform, the district, when authorized at any properly called election held for such purpose, shall have the power to borrow money by the issuance and sale of general obligation bonds. Such bonds shall never exceed in the aggregate 10 percent of the real market value of all taxable property within the district computed in accordance with ORS 308.207. The bonds shall be so conditioned that the district shall promise and agree therein to pay the bearer at a place named therein payable semiannually in accordance with the tenor and terms of the interest coupons attached. The bonds shall mature serially not to exceed 30 years from the date of issue.

(2) For the purpose of performing any of the powers conferred by ORS 267.510 to 267.650 a district, when authorized at any properly called election held for such purpose, shall have the power to borrow money by the issuance and sale also of revenue bonds and to pledge as security therefor, all or any part of the unobligated net income or revenue of the district. The revenue bonds shall be issued in the same manner and form as are general obligation bonds of the district but they shall be payable both as to principal and interest from revenues only. The revenue bonds shall not be subject to the percentage limitation applicable to general obligation bonds and shall not be a lien on any of the taxable property within the corporate limits of the district and shall be payable solely from such part of revenues of the corporation as remains after the payment of obligations having a priority and of all expenses of operation and maintenance of the corporation. All revenue bonds shall contain a provision that both the principal and interest are payable solely from the operating revenues of the district remaining after paying such obligations and expenses.

(3) All general obligation bonds and revenue bonds shall be [advertised for sale and sold in the manner prescribed in ORS 287.014 to 287.022 for the sale of bonds of cities] issued as prescribed in ORS chapter 287.

SECTION 89. ORS 268.520 is amended to read:
268.520. (1) For the purpose of performing any service that the district 
has power to perform, the district, when authorized at any properly called 
election held for such purpose, shall have the power to borrow money by the 
issuance and sale of general obligation bonds. Such bonds shall never exceed 
in the aggregate 10 percent of the real market value of all taxable property 
within the district computed in accordance with ORS 308.207. The bonds 
shall be so conditioned that the district shall promise and agree therein to 
pay the bearer at a place named therein, the principal sum with interest at 
a rate named therein payable semiannually in accordance with the tenor and 
terms of the interest coupons attached. The bonds shall mature serially not 
to exceed 30 years from the date of issue.

(2) All general obligation bonds shall be [advertised for sale and sold in 
the manner prescribed in ORS 287.014 to 287.022 for the sale of bonds of 
cities] issued as prescribed in ORS chapter 287.

SECTION 90. ORS 268.620 is amended to read:

268.620. The revenue bonds [issued and sold under] authorized by ORS 
268.600 to 268.660 shall be issued as prescribed in ORS chapter 287.[:]

[(1) Shall be deemed to be for all purposes negotiable instruments, subject 
only to the provisions of the bonds for registration, and need not comply with 
requirements of the Uniform Commercial Code.]

[(2) May be issued in one or more series, bear such date or dates, mature 
at such times and in such amounts, be in such denomination or denominations, 
be payable at a designated place or places within or without the State of 
Oregon or at the fiscal agency of the State of Oregon, be equally and ratably 
secured without priority or be entitled or subject to such priorities on all or 
any portion of the revenues of the district and, notwithstanding any other 
provision of law to the contrary, bear such rate or rates of interest, including 
a variable rate of interest to be determined at such times, in such manner and 
by such agent appointed for such purpose or according to such formula as the 
governing body may determine, and contain such other terms, conditions and 
covenants, all as the governing body may determine.]
[(3) Shall contain a recital that principal of and interest on and premium, if any, on the revenue bonds are payable solely out of revenues and property of the district pledged to the payment thereof by the ordinance of the governing body authorizing the issue of which the bonds are a part.]

[(4) May be in coupon form with or without privilege of registration or may be in registered form, or both, with the privilege of converting and reconverting from one form to another.]

[(5) May contain covenants of the district to protect and safeguard the security and rights of holders of any such bonds and such other terms and conditions, in conforming with ORS 268.600 to 268.660 which the governing body in its discretion determines are necessary or desirable to protect the district or increase the marketability of the bonds. ORS 268.600 to 268.660 and any such ordinance which constitutes a contract with the holders of the bonds and the provisions thereof shall be enforceable by any holder or any number of holders of the bonds, as the governing body may determine.]

[(6) Shall be in the form prescribed by the governing body and the bonds and the coupons, if any, attached to the bonds shall be signed by the presiding officer of the governing body and by the executive officer of the district, either manually or by means of their printed, engraved or lithographed signature, with the seal of the district or a facsimile thereof printed, engraved or lithographed thereon or affixed thereto. However, in the event the bonds are to be signed by means of the printed, engraved or lithographed facsimile signatures of both the presiding officer of the governing body and the executive officer of the district, the ordinance authorizing the issuance of such bonds shall provide that no bond shall be valid or obligatory for any purpose or be entitled to the benefits of or security provided by the ordinance unless and until such bond has been authenticated by means of the manual signature of a duly authorized officer of the bond trustee, paying agent, registrar or other agent appointed for such purpose. Pending the preparation and delivery of definitive bonds, a district may issue interim certificates or temporary bonds, exchangeable for definitive bonds when such bonds shall have been executed]
and are available for delivery. Such interim certificates or temporary bonds may contain such terms and conditions as the governing body may determine.]

(7) May be issued with the right reserved to the governing body to redeem the bonds at par or at par plus a premium, in such order, and at such time or times prior to the final maturity date or dates of the bonds, as the ordinance may provide or as otherwise determined by the governing body. Notice of redemption shall be given in the manner specified in the bonds, as provided in ORS 288.520. Newspaper publication of notice of redemption is not required for bonds that are in registered form.]

SECTION 91. ORS 271.390 is amended to read:

271.390. (1) As used in this section:

(a) “Council of governments” means a council of governments or other similar entity created prior to the enactment of ORS 190.010 (5) on September 29, 1991.

(b) [“Governmental unit”] “Public body” has the meaning given that term in ORS 288.150 section 43 of this 2007 Act.

(c) “Real or personal property” means land, improvements to land, structures, fixtures, personal property, including furnishings, equipment and computer software purchases and licenses, and any costs that may be capitalized under generally accepted accounting principles and treated as costs of personal property.

(2) A [governmental unit] public body or a council of governments may enter into contracts for the leasing, rental or financing of any real or personal property that the governing body of the [governmental unit] public body or council of governments determines is needed, including contracts for rental, long term leases under an optional contract for purchase, financing agreements with vendors, financial institutions or others, or for purchase of any property. Contracts made by a [governmental unit] public body or a council of governments are subject to the terms of its charter, intergovernmental agreement or other organizing document, if applicable. If authorized
by the governing body, the contracts may:

(a) Provide that the obligations of the [governmental unit] public body or council of governments under the contract is secured by a mortgage on or other security interest in the property to be leased, rented, purchased or financed under the contract.

(b) Provide that the obligations of the [governmental unit] public body or council of governments under the contract are payable out of all or any portion of [the] lawfully available funds, as defined in ORS 288.162, of the governmental unit of the public body or council of governments, and lawfully available funds may be pledged to the payment of those obligations.

(c) If authorized by the charter, intergovernmental agreement or other organizing document of the [governmental unit] public body or council of governments, contain a covenant on the part of the [governmental unit] public body or council of governments to budget and appropriate in each fiscal year, in accordance with law, sums sufficient to pay when due the amounts owing under the contract.

(d) Provide for the issuance of certificates of participation in the payment obligations of the [governmental unit] public body or council of governments under the contract and contain other covenants, agreements and provisions determined to be necessary or appropriate in order to better secure the obligations of the [governmental unit] public body or council of governments.

(3) The lien of the pledge, mortgage or security interest is valid and binding from the time of entering into the contract. The revenue or property is immediately subject to the lien without physical delivery, filing or other act, and the lien is superior to all other claims and liens of any kind whatsoever. Subject to the terms, provisions and limitations of the contract, the lien may be foreclosed by a proceeding brought in the circuit court of the county in which the [governmental unit] public body, or the greater part thereof, or the main office of the council of governments is located, and any tangible real or personal property subject to the lien may be sold upon the order of the court. The proceeds of the sale must be applied first to the
payment of the costs of foreclosure and then to the amounts owing under the contract, with any balance being paid to the [governmental unit] public body or council of governments. The authority granted by this section is in addition to, and not in lieu of, any other statutory or charter authority.

(4) A [governmental unit] public body or council of governments that has entered into a lease purchase or installment purchase agreement may enter into a financing agreement to refinance the obligations of the [governmental unit] public body or council of governments under the lease purchase or installment purchase agreement.

(5) The estimated weighted average life of a financing contract executed under this section may not exceed the estimated dollar weighted average life of the real or personal property that is financed with the contract.

SECTION 92. ORS 276.429 is amended to read:

276.429. (1) The Oregon Department of Administrative Services may enter into, as appropriate, leases, including lease with option to purchase, installment purchases and rental agreements, as lessee, for office quarters for state agencies. In determining which method of acquiring office quarters is most appropriate under the circumstances, the department shall consider cost and the long-term best interests of the state. It is the policy of the state, in fulfilling the objectives set forth in ORS 276.426, to acquire office quarters in the most cost-effective manner feasible.

(2) The costs to the department incurred for the purpose of making such office space ready for occupancy, including professional services, remodeling, equipment acquisition and other similar costs paid to others or incurred by the department, may be advanced out of the Oregon Department of Administrative Services Operating Fund. The fund shall be reimbursed for costs so advanced from charges paid to the department by the agency leasing the space as a tenant. Where more than one agency occupies the space, the charges shall be assessed and collected from the agencies in the manner determined by the department.

(3) Immediately following each monthly rental period, the department
shall bill each state agency occupying office quarters leased under subsection (1) of this section, a sum equal to such part of the total amount required for the rent of such quarters as the rental value of the space occupied by each of the state agencies bears to the whole amount of the rental value of such space so leased by the state. Such sums and rental values shall be determined by the department. Moneys collected therefor shall be placed in the Oregon Department of Administrative Services Operating Fund established in ORS 283.076 and used for the payment of the rental and operating expenses of such office quarters.

(4) Prior to entering into any lease purchase or installment purchase agreement or before exercising any purchase option in agreements made under subsection (1) of this section, the department shall report to the legislative review agency established in ORS 291.371. However, the department shall not enter into any lease purchase or installment purchase agreement under any provision of law other than ORS 283.085 to 283.092[, 286.515 and 286.525].

(5) The title to properties acquired through lease-purchase options authorized in subsection (1) of this section shall vest automatically in the Oregon Department of Administrative Services in the name of the state. Properties so acquired shall be operated as office buildings as provided in ORS 276.004.

SECTION 93. ORS 279A.025 is amended to read:

279A.025. (1) Except as provided in subsections (2) to (4) of this section, the Public Contracting Code applies to all public contracting.

(2) The Public Contracting Code does not apply to:

(a) Contracts between contracting agencies or between contracting agencies and the federal government;

(b) Insurance and service contracts as provided for under ORS 414.115, 414.125, 414.135 and 414.145 for purposes of source selection;

(c) Grants;

(d) Contracts for professional or expert witnesses or consultants to pro-
vide services or testimony relating to existing or potential litigation or legal
matters in which a public body is or may become interested;

(e) Acquisitions or disposals of real property or interest in real property;

(f) Sole-source expenditures when rates are set by law or ordinance for
purposes of source selection;

(g) Contracts for the procurement or distribution of textbooks;

(h) Procurements by a contracting agency from an Oregon Corrections
Enterprises program;

(i) The procurement, transportation or distribution of distilled liquor, as
defined in ORS 471.001, or the appointment of agents under ORS 471.750 by
the Oregon Liquor Control Commission;

(j) Contracts entered into under ORS chapter 180 between the Attorney
General and private counsel or special legal assistants;

(k) Contracts for the sale of timber from lands owned or managed by the
State Board of Forestry and the State Forestry Department;

(l) Contracts for forest protection or forest related activities, as described
in ORS 477.406, by the State Forester or the State Board of Forestry;

(m) Sponsorship agreements entered into by the State Parks and Recre-
ation Director in accordance with ORS 565.080 (4);

(n) Contracts entered into by the Housing and Community Services De-
partment in exercising the department’s duties prescribed in ORS chapters
456 and 458, except that the department’s public contracting for goods and
services, as defined in ORS 279B.005, is subject to ORS chapter 279B;

(o) Contracts entered into by the State Treasurer in exercising the powers
of that office prescribed in ORS chapters 178, 286, 287, [288,] 289, 293, 294 and
295, including but not limited to investment contracts and agreements,
banking services, clearing house services and collateralization agreements,
bond documents, certificates of participation and other debt repayment
agreements, and any associated contracts, agreements and documents, re-
gardless of whether the obligations that the contracts, agreements or docu-
ments establish are general, special or limited, except that the State
Treasurer’s public contracting for goods and services, as defined in ORS 279B.005, is subject to ORS chapter 279B;

(p) Contracts, agreements or other documents entered into, issued or established in connection with:

(A) The incurring of debt by a public body, including but not limited to the issuance of bonds, certificates of participation and other debt repayment obligations, and any associated contracts, agreements or other documents, regardless of whether the obligations that the contracts, agreements or other documents establish are general, special or limited;

(B) The making of program loans and similar extensions or advances of funds, aid or assistance by a public body to a public or private body for the purpose of carrying out, promoting or sustaining activities or programs authorized by law; or

(C) The investment of funds by a public body as authorized by law, and other financial transactions of a public body that by their character cannot practically be established under the competitive contractor selection procedures of ORS 279B.050 to 279B.085;

(q) Contracts for employee benefit plans as provided in ORS 243.105 (1), 243.125 (4), 243.221, 243.275, 243.291, 243.303 and 243.565; or

(r) Any other public contracting of a public body specifically exempted from the code by another provision of law.

(3) The Public Contracting Code does not apply to the public contracting activities of:

(a) The Oregon State Lottery Commission;

(b) The Oregon University System and member institutions, except as provided in ORS 351.086;

(c) The legislative department;

(d) The judicial department;

(e) Semi-independent state agencies listed in ORS 182.451 and 182.454, except as provided in ORS 279.835 to 279.855 and 279A.250 to 279A.290;

(f) Oregon Corrections Enterprises;
(g) The Oregon Film and Video Office, except as provided in ORS 279A.100 and 279A.250 to 279A.290;

(h) The Travel Information Council, except as provided in ORS 279A.250 to 279A.290;

(i) The Oregon 529 College Savings Network and the Oregon 529 College Savings Board;

(j) The Oregon Innovation Council; or

(k) Any other public body specifically exempted from the code by another provision of law.

(4) ORS 279A.200 to 279A.225 and 279B.050 to 279B.085 do not apply to contracts made with qualified nonprofit agencies providing employment opportunities for disabled individuals under ORS 279.835 to 279.855.

SECTION 94. ORS 280.075 is amended to read:

280.075. (1) Notwithstanding any other law and when not inconsistent with or otherwise provided for in the Oregon Constitution, whenever a proposed local option tax is submitted to a vote of the people by any subdivision, the statement in the ballot title for the measure that explains the chief purpose of the measure and gives reasons for the measure shall state the total amount of money to be raised by the proposed local option tax, in dollars and cents. If the statement in the ballot title for the measure submitted includes an estimated tax impact, it shall be based on the most current estimate of assessed value from the county assessor. The measure shall bear the statement: “The estimated tax cost for this measure is an ESTIMATE ONLY based on the best information available from the county assessor at the time of estimate.”

(2) Subsection (1) of this section does not apply to a local option tax described in ORS 280.060 (1)(b). For a levy described in ORS 280.060 (1)(b), an estimate of the total amount of money to be raised for each year of the proposed local option tax shall be stated in dollars and cents. If the levy described in ORS 280.060 (1)(b) raises more money than estimated, the excess collections above that estimate shall be considered a budget resource for the
levy fund in the next fiscal year of the subdivision. This section has no application to elections and levies with respect to bonds, for which provision is made in ORS 287.004 to 287.022 and 287.052 to 287.488 or other laws does not apply to an election authorizing bonds or authorizing tax levies to repay bonds.

(3) The statement or statements required by subsections (1) and (2) of this section shall be added to and made a part of the 175-word statement required by ORS 250.035. The number of words contained in the statements described in subsections (1) and (2) of this section shall not be included in the 175-word limitation.

SECTION 95. ORS 280.450 is amended to read:

280.450. Bonds authorized under ORS 280.410 to 280.485 shall be issued in accordance with the provisions of the charter of the city relating to bonds payable from income of revenue producing facilities. Bond issues may mature at any time within 40 years from the date of issue, may be sold at public or private sale and shall be sold in accordance with the provisions of ORS 288.515 to 288.600]. Bonds shall be issued as prescribed in ORS chapter 287.

SECTION 96. ORS 283.085 is amended to read:

283.085. As used in ORS 283.085 to 283.092, 286.515 and 286.525:

(1) “Available funds” means funds appropriated or otherwise made available by the Legislative Assembly to pay amounts due under a financing agreement for the fiscal period in which the payments are due, together with any unexpended proceeds of the financing agreement, and any reserves or other amounts which have been deposited in trust to pay amounts due under the financing agreement.

(2) “Credit enhancement agreement” means any agreement or contractual relationship between the state and any bank, trust company, insurance company, surety bonding company, pension fund or other financial institution providing additional credit on or security for a financing agreement or certificates of participation authorized by ORS 283.085 to 283.092, 286.515 and
(3) “Director” means the Director of the Oregon Department of Administrative Services.

(4)(a) “Financing agreement” means a lease purchase agreement, an installment sale agreement, a loan agreement or any other agreement:

(A) To finance real or personal property that is or will be owned and operated by the state or any of its agencies;

(B) To finance infrastructure related to a facility that is owned and operated by the state;

(C) To finance infrastructure components that are owned or operated by a local government agency of this state if the director determines that financing the infrastructure will facilitate the construction or operation of an adult or juvenile corrections facility or a public safety training facility owned and operated by the state or any of its agencies;

(D) To finance all or a portion of the state’s pension liabilities for retirement, health care or disability benefits, in an amount that produces net proceeds that do not exceed the State Treasurer’s estimate of those liabilities based on information provided to the State Treasurer by the Public Employees Retirement System; or

(E) To refinance previously executed financing agreements.

(b) As used in this subsection, “infrastructure” includes, but is not limited to, sewer and water systems and road improvements.

(5) “Personal property” means tangible personal property, software and fixtures.

(6) “Property rights” means, with respect to personal property, the rights of a secured party under ORS chapter 79, and, with respect to real property, the rights of a trustee or lender under a lease authorized by ORS 283.089 (5).

(7) “Software” means software and training and maintenance contracts related to the operation of computing equipment.

(8) “Treasurer” means the State Treasurer.

SECTION 97. ORS 283.087 is amended to read:
283.087. With the approval of the State Treasurer, the Director of the Oregon Department of Administrative Services may enter into financing agreements in accordance with ORS 283.085 to 283.092, 286.515 and 286.525, upon such terms as the director and the treasurer find to be advantageous to the state. Financing agreements shall be subject to the following limitations:

(1) Amounts payable by the state under a financing agreement shall be limited to available funds. In no circumstance shall the state be obligated to pay amounts due under a financing agreement from any source other than available funds. If there are insufficient available funds to pay amounts due under a financing agreement, the lender may exercise any property rights which the state has granted to it in the financing agreement, against the property which was purchased with the proceeds of the financing agreement, and apply the amounts so received toward payments scheduled to be made by the state under the financing agreement.

(2) No property rights may be granted in property unless the property is being acquired, substantially improved or refinanced with the proceeds of a financing agreement, or is land on which such property is located.

(3) [For periods after June 30, 1989.] The principal amount of financing agreements entered into by the state pursuant to ORS 283.085 to 283.092, 286.515 and 286.525 shall be treated as an amount of bonds and is subject to [the provisions of ORS 286.505 to 286.545] section 10 of this 2007 Act.

(4) The limitations of subsection (3) of this section shall not apply to financing agreements which are used to refinance previously executed financing agreements. The expenditure of funds used to finance previously executed financing agreements and pay the costs incurred to issue the new financing agreements shall be recorded using administrative budget limitations.

(5) The state or any state agency shall not enter into financing agreements under any provision of law other than ORS 283.085 to 283.092, 286.515 and 286.525 if the principal amount of the financing agreement, together
with the principal amount of any financing agreement previously issued by
the state or a state agency for the same project, exceeds $100,000.

(6) Upon the request and with the approval of the Chief Justice of the
Supreme Court or the State Court Administrator, the Director of the Oregon
Department of Administrative Services may enter into financing agreements
in accordance with ORS 283.085 to 283.092[286.515 and 286.525], on behalf
of the Judicial Department.

(7) Financing agreements may bear interest that is includable in, or is
excludable from, gross income under the Internal Revenue Code.

SECTION 98. ORS 283.092 is amended to read:

283.092. A lease or financing agreement authorized by ORS 283.085 to
283.092[286.515 and 286.525] shall not cause property to be subject to prop-
erty taxation and shall be disregarded in determining whether property is
exempt from taxation under ORS chapter 307.

SECTION 99. ORS 285B.323 is amended to read:

285B.323. As used in ORS 285B.320 to 285B.371, unless the context re-
quires otherwise:

(1) “Bond” or “revenue bond” means [any evidence of indebtedness, in-
cluding but not limited to any bond, note, obligation, loan agreement, financ-
ing agreement, contracts for leasing, rental or financing of real or personal
property, including contracts for rental, long term leases under an optional
contract for purchase, financing agreements with vendors, financial insti-
tutions or others or for purchase of any property secured by revenues or from
other financing sources as provided in ORS 285B.320 to 285B.371. A bond, as
defined in this subsection and issued under ORS 285B.320 to 285B.371, shall
be considered a revenue bond for purposes of ORS 286.031] a revenue bond,
as defined in section 2 of this 2007 Act.

(2) “Economic development project” includes any properties, real or per-
sonal, used or useful in connection with a revenue producing enterprise or
any solid waste disposal facilities and related vehicles, rolling stock or
equipment. “Economic development project” shall not include any facility or
facilities designed primarily for the generation, transmission, sale or distribution of electrical energy.

(3) “Eligible project” means an economic development project found by the Oregon Economic and Community Development Commission to meet standards of the commission adopted under ORS 285A.110. The commission may treat as a single eligible project for bonding purposes any number of economic development projects determined to be eligible projects.

SECTION 100. ORS 285B.344 is amended to read:

285B.344. (1) If the State Treasurer determines that bonds should be issued under ORS 285B.320 to 285B.371:

(a) The State Treasurer may authorize and issue in the name of the State of Oregon bonds secured by revenues from eligible economic development projects or from other financing sources to finance or refinance in whole or part the cost of acquisition, construction, reconstruction, improvement or extension of projects. The bonds shall be identified by project. [and issued in the manner prescribed by ORS 286.010, 286.020 and 286.105 to 286.135, and] Refunding bonds may be issued to refinance such bonds.

(b) The State Treasurer shall designate the underwriter, vendor, lender or other financing party, if any, and enter into appropriate agreements with each to carry out the provisions of ORS 285B.320 to 285B.371. The Economic and Community Development Department, with the approval of the State Treasurer, shall designate the trustee and enter into appropriate agreements with the trustee to carry out the provisions of ORS 285B.320 to 285B.371. The department or the State Treasurer may appoint bond counsel as [authorized by ORS 288.523, or the State Treasurer may enter into an agreement with bond counsel if the services provided under the agreement comply with the provisions of ORS 288.523 and the appointment is approved by the Attorney General as required by ORS 288.523. The department may not make an appointment or enter into an agreement under this paragraph unless the State Treasurer has reviewed and approved the terms and conditions of the appointment or agreement. ORS 279A.140 does not apply to any appointment or
agreement described in this paragraph] prescribed under section 21 of this 2007 Act.

(2) Any escrow agent, bond registrar, paying agent or trustee, if any, designated by the State Treasurer to carry out all or part of the powers specified in ORS 285B.335 must agree to furnish financial statements and audit reports for each bond issue.

SECTION 101. ORS 285B.347 is amended to read:

285B.347. In determining whether to issue bonds under ORS 285B.320 to 285B.371, the State Treasurer shall consider:

(1) The market for the [types of] bonds proposed for issuance.

(2) The terms and conditions of the proposed issue.

(3) [Such] Other relevant factors as the State Treasurer considers necessary to protect the financial integrity of the State of Oregon.

SECTION 102. ORS 285B.350 is amended to read:


SECTION 103. ORS 285B.473 is amended to read:

285B.473. If the State Treasurer determines that revenue bonds should be issued under ORS 285B.467 to 285B.479:

(1) The State Treasurer may authorize and issue in the name of the State of Oregon revenue bonds secured by moneys paid to the Special Public Works Fund pledged therefor to finance or refinance in whole or part the cost of acquisition, construction, reconstruction, improvement or extension of development projects. The bonds shall be issued in the manner prescribed by ORS chapter 286, and refunding bonds may be issued to refinance the revenue bonds.

(2) The State Treasurer shall designate the underwriter and enter into appropriate agreements with the underwriter to carry out the provisions of ORS 285B.467 to 285B.479. The Economic and Community Development Department, with the approval of the State Treasurer, shall designate the
trustee and enter into appropriate agreements with the trustee to carry out
the provisions of ORS 285B.467 to 285B.479. The department or the State
Treasurer may appoint bond counsel as [authorized by ORS 288.523, or the
State Treasurer may enter into an agreement with bond counsel if the services
provided under the agreement comply with the provisions of ORS 288.523 and
the appointment is approved by the Attorney General as required by ORS
288.523. The department may not make an appointment or enter into an
agreement under this subsection unless the State Treasurer has reviewed and
approved the terms and conditions of the appointment or agreement. ORS
279A.140 does not apply to any appointment or agreement described in this
subsection) prescribed in section 21 of this 2007 Act.

SECTION 104. ORS 285B.479 is amended to read:
285B.479. (1) Revenue bonds issued under ORS 285B.467 to 285B.479:
(a) [Shall] May not be payable from nor charged upon any funds other
than the revenue pledged to the payment thereof, except as provided in this
section, nor shall the state be subject to any liability thereon. No holder or
holders of such bonds shall ever have the right to compel any exercise of the
taxing power of the state to pay any such bonds or the interest thereon, nor
to enforce payment thereof against any property of the state except those
moneys pledged therefor in the Special Public Works Fund, under the pro-
visions of ORS 285B.467 to 285B.479.
(b) [Shall] May not constitute a charge, lien or encumbrance, legal or
equitable, upon any property of the state, except those moneys paid to the
Special Public Works Fund.
(2) A revenue bond [shall] issued under ORS 285B.467 to 285B.479 does
not constitute a debt of the State of Oregon or a lending of the credit of
[the] this state within the meaning of any constitutional or statutory limi-
tation.

SECTION 105. ORS 285B.533 is amended to read:
285B.533. (1) Infrastructure lottery bonds shall be issued under ORS
286.560 to 286.580 [and 348.716] only at the request of the Director of the
Economic and Community Development Department. Infrastructure lottery bonds may be issued in an amount sufficient to provide no more than $6 million of net proceeds to pay costs of infrastructure projects, plus the amounts required to pay bond-related costs.

(2) The net proceeds from the sale of the infrastructure lottery bonds shall be allocated to the Economic and Community Development Department for the State of Oregon’s match of federal moneys under the Safe Drinking Water Act.

(3) The net proceeds from the sale of the infrastructure lottery bonds that are available to pay costs of infrastructure projects shall be credited to the Water Fund created by ORS 285B.563. All such net proceeds are appropriated continuously to the Economic and Community Development Department only for payment of costs of infrastructure projects described in subsection (2) of this section and for payment of bond-related costs that are allocable to infrastructure lottery bonds.

(4) The Economic and Community Development Department and any municipality receiving proceeds of infrastructure lottery bonds shall, if so directed by the Oregon Department of Administrative Services, take any action specified by the Oregon Department of Administrative Services that is necessary to maintain the excludability of lottery bond interest from gross income under the United States Internal Revenue Code.

SECTION 106. ORS 285B.548 is amended to read:

285B.548. [(1) Notwithstanding ORS 286.505 to 286.545, infrastructure lottery bonds may be issued during the 1997-1999 biennium in an aggregate principal amount that produces net proceeds for infrastructure projects that shall not exceed $6 million, plus an amount that the State Treasurer estimates will be required to pay bond-related costs.]

[(2) In future biennial periods,] The amount of infrastructure lottery bonds that may be issued shall be authorized [under ORS 286.505 to 286.545] as prescribed in section 10 of this 2007 Act.

SECTION 107. ORS 285B.575 is amended to read:
285B.575. If the State Treasurer determines that revenue bonds shall be issued:

(1) The State Treasurer may authorize and issue in the name of the State of Oregon revenue bonds secured by moneys paid to the Water Fund and pledged to finance or refinance in whole or in part the cost of a water project. The revenue bonds issued under this section shall be issued in the manner prescribed by ORS chapter 286, and refunding bonds may be issued to refinance the revenue bonds.

(2) The State Treasurer shall designate and enter into agreements with the underwriter to carry out the provisions of ORS 285B.560 to 285B.599. The Economic and Community Development Department, with the approval of the State Treasurer, shall designate the trustee and enter into appropriate agreements with the trustee to carry out the provisions of ORS 285B.560 to 285B.599. The department or the State Treasurer may appoint bond counsel as [authorized by ORS 288.523, or the State Treasurer may enter into an agreement with bond counsel if the services provided under the agreement comply with the provisions of ORS 288.523 and the appointment is approved by the Attorney General as required by ORS 288.523. The department may not make an appointment or enter into an agreement under this subsection unless the State Treasurer has reviewed and approved the terms and conditions of the appointment or agreement. ORS 279A.140 does not apply to any appointment or agreement described in this subsection] prescribed in section 21 of this 2007 Act.

SECTION 108. ORS 286.750 is amended to read:

286.750. (1) In accordance with the applicable provisions of this chapter [and ORS chapter 288], the State Treasurer, after consulting with the Director of the Oregon Department of Administrative Services, may issue Article XI-O bonds from time to time for the purposes described in ORS 286.735.

(2) Article XI-O bonds may:

(a) Be sold at a competitive or negotiated sale;
(b) Bear interest that is includable in or excludable from gross income under the Internal Revenue Code; and

(c) Be sold on terms approved by the State Treasurer, including terms related to the time of sale, the issuance of bonds in series, the maturity of each series and the interest borne by each series of bonds.

(3) Subject to the approval of the State Treasurer, the Director of the Oregon Department of Administrative Services may:

(a) Acquire municipal bond insurance, a letter of credit, a line of credit, surety bonds or another credit enhancement device for Article XI-O bonds; and

(b) Enter into related agreements.

(4) Subject to the approval of the State Treasurer, the Director of the Oregon Department of Administrative Services may:

(a) Enter into agreements with a trustee or escrow agent regarding the use and application of the amounts held in the Article XI-O Bond Fund or the Article XI-O Bond Administration Fund; and

(b) Transfer amounts credited to the bond fund or the bond administration fund to a trustee or escrow agent.

SECTION 109. ORS 286.762 is amended to read:

286.762. (1) Article XI-M bonds are a general obligation of the State of Oregon and must contain a direct promise on behalf of the State of Oregon to pay the principal of, the interest on and the premium, if any, on the Article XI-M bonds. The State of Oregon shall pledge its full faith and credit and taxing power to pay Article XI-M bonds, except that the ad valorem taxing power of the State of Oregon may not be pledged to pay Article XI-M bonds.

(2) The State Treasurer, with the concurrence of the Director of the Oregon Department of Administrative Services, may issue Article XI-M bonds:

(a) Subject to the limit on bond issuance established for the particular biennium [in ORS 286.505 to 286.545] pursuant to section 10 of this 2007
Act and at the request of the Director of the Office of Emergency Management, for the purpose of financing all or a portion of the state share of costs to plan and implement seismic rehabilitation of public education buildings in the amount of the state share of costs, plus an amount determined by the State Treasurer to pay estimated bond-related costs.

(b) To refund Article XI-M bonds. The amount of Article XI-M bonds issued under this paragraph may not exceed the estimated costs of paying, redeeming or defeasing the refunded bonds, plus an amount determined by the State Treasurer to pay estimated bond-related costs.

(3) The State Treasurer shall transfer the net proceeds of Article XI-M bonds issued for the purpose described in subsection (2)(a) of this section to the Office of Emergency Management for deposit in the Education Seismic Fund established under ORS 286.768.

SECTION 110. ORS 286.770 is amended to read:

286.770. (1) In accordance with the applicable provisions of this chapter and ORS chapter 288, Article XI-M bonds may:

(a) Be sold at a competitive or negotiated sale;

(b) Bear interest that is includable or excludable from gross income under the Internal Revenue Code; and

(c) Be sold on terms approved by the State Treasurer, including terms related to the time of sale, the issuance of Article XI-M bonds in series, the maturity of each series and the interest borne by each series of Article XI-M bonds.

(2) Subject to the approval of the State Treasurer, the Director of the Oregon Department of Administrative Services may:

(a) Acquire municipal bond insurance, a letter of credit, a line of credit, surety bonds or another credit enhancement device for Article XI-M bonds; and

(b) Enter into related agreements.

SECTION 111. ORS 286.782 is amended to read:

286.782. (1) Article XI-N bonds are a general obligation of the State of
Oregon and must contain a direct promise on behalf of the State of Oregon to pay the principal of, the interest on and the premium, if any, on the Article XI-N bonds. The State of Oregon shall pledge its full faith and credit and taxing power to pay Article XI-N bonds, except that the ad valorem taxing power of the State of Oregon may not be pledged to pay Article XI-N bonds.

(2) The State Treasurer, with the concurrence of the Director of the Oregon Department of Administrative Services, may issue Article XI-N bonds:

(a) Subject to the limit on bond issuance established for the particular biennium [in ORS 286.505 to 286.545] pursuant to section 10 of this 2007 Act and at the request of the Director of the Office of Emergency Management, for the purpose of financing all or a portion of the state share of costs to plan and implement seismic rehabilitation of emergency services buildings in the amount of the state share of costs, plus an amount determined by the State Treasurer to pay estimated bond-related costs.

(b) To refund Article XI-N bonds. The amount of Article XI-N bonds issued under this paragraph may not exceed the estimated costs of paying, redeeming or defeasing the refunded bonds, plus an amount determined by the State Treasurer to pay estimated bond-related costs.

(3) The State Treasurer shall transfer the net proceeds of Article XI-N bonds issued for the purpose described in subsection (2)(a) of this section to the Office of Emergency Management for deposit in the Emergency Services Seismic Fund established under ORS 286.788.

SECTION 112. ORS 286.790 is amended to read:

286.790. (1) In accordance with the applicable provisions of this chapter [and ORS chapter 288], Article XI-N bonds may:

(a) Be sold at a competitive or negotiated sale;

(b) Bear interest that is includable or excludable from gross income under the Internal Revenue Code; and

(c) Be sold on terms approved by the State Treasurer, including terms
related to the time of sale, the issuance of Article XI-N bonds in series, the
maturity of each series and the interest borne by each series of Article XI-N
bonds.

(2) Subject to the approval of the State Treasurer, the Director of the
Oregon Department of Administrative Services may:

(a) Acquire municipal bond insurance, a letter of credit, a line of credit,
surety bonds or another credit enhancement device for Article XI-N bonds;
and

(b) Enter into related agreements.

SECTION 113. ORS 289.005 is amended to read:

289.005. As used in this chapter, unless the context requires otherwise:

(1) “Authority” means the Oregon Facilities Authority created by this
chapter.

(2) “Bonds” or “revenue bonds” means [revenue bonds, notes, bond antic-
ipation notes and any other evidence of indebtedness of the authority issued
under the provisions of this chapter, including revenue refunding bonds, not-
withstanding that the same may be secured by any federally guaranteed secu-
ritiy, whether acquired by the authority or by a participating institution, or by
mortgage, the full faith and credit or by any other lawfully pledged security
of one or more participating institutions] revenue bonds, as defined in
section 2 of this 2007 Act.

(3) “Cost” means the cost of:

(a) Construction, acquisition, alteration, enlargement, reconstruction and
remodeling of a project, including all lands, structures, real or personal
property, rights, rights of way, air rights, franchises, easements and interests
acquired or used for or in connection with a project;

(b) Demolishing or removing any buildings or structures on land as ac-
quired, including the cost of acquiring any lands to which such buildings or
structures may be moved;

(c) All machinery and equipment;

(d) Financing charges, interest prior to, during and for a period after
completion of construction and acquisition, reasonably required amounts to make the project operational, provisions for reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations and improvements;

(e) Architectural, actuarial engineering, financial and legal services, plans specifications, studies, surveys, estimates of costs and of revenues, administrative expenses, expenses necessary or incident to determining the feasibility or practicability of constructing the project; and

(f) Such other expenses as may be necessary or incident to a project, the financing of such project and the placing of the project in operation.

(4) “Cultural institution” means a public or nonprofit institution within this state which engages in the cultural, intellectual, scientific, environmental, educational or artistic enrichment of the people of this state. “Cultural institution” includes, without limitation, aquaria, botanical societies, historical societies, land conservation organizations, libraries, museums, performing arts associations or societies, scientific societies, wildlife conservation organizations and zoological societies. “Cultural institution” does not mean any school or any institution primarily engaged in religious or sectarian activities.

(5) “Health care institution” means a public or nonprofit organization that provides health care and related services, including but not limited to the provision of inpatient and outpatient care, diagnostic or therapeutic services, laboratory services, medicinal drugs, nursing care, assisted living, elderly care and housing, including retirement communities, and equipment used or useful for the provision of health care and related services.

(6) “Housing institution” means a public or nonprofit organization that provides decent, affordable housing to low income persons.

(7) “Institution” means an institution for housing, higher education or prekindergarten through grade 12 education, a school for the handicapped, a health care institution or a cultural institution within this state.

(8) “Institution for higher education” means a public or nonprofit educa-
tional institution within this state authorized by law to provide a program
of education beyond the high school level, including community colleges and
associate degree granting institutions. “Institution for higher education”
does not mean any school or any institution primarily engaged in religious
or sectarian activities.

(9) “Institution for prekindergarten through grade 12 education” means
an Oregon prekindergarten as defined in ORS 329.170, a public educational
institution within this state authorized by law to provide a program of edu-
cation for kindergarten through grade 12 or a nonprofit educational institu-
tion within this state registered as a private school under ORS 345.545 that
provides a program of education for prekindergarten through grade 12. “In-
stitution for prekindergarten through grade 12 education” does not mean a
school or institution primarily engaged in religious or sectarian activities.

(10) “Nonprofit” means an institution, organization or entity exempt from
taxation under section 501(c)(3) of the Internal Revenue Code as amended
and in effect on the effective date of this chapter.

(11) “Participating institution” means a participating institution for
health care, housing, higher education, a participating school for the hand-
icapped or a participating cultural institution.

(12)(a) “Project” means the financing or refinancing, including without
limitation, acquisition, construction, enlargement, remodeling, renovation,
improvement, furnishing or equipping, of the following:

(A) In the case of a participating institution that is an institution for
higher education, an institution for prekindergarten through grade 12 edu-
cation or a school for the handicapped, a structure or structures suitable for
use as a dormitory or other multiunit housing facility for students, faculty,
officers or employees, or a dining hall, student union, administration build-
ing, academic building, library, laboratory, research facility, classroom, ath-
etic facility, health care facility, maintenance, storage or utility facility and
other structures or facilities related to any of the structures required or used
for the instruction of students, the conducting of research or the operation
of an institution for higher education, an institution for prekindergarten through grade 12 education or a school for the handicapped. It shall also include landscaping, site preparation, furniture, equipment and machinery and other similar items necessary or convenient for the operation of a particular facility or structure in the manner for which its use is intended and shall further include any furnishings, equipment, machinery and other similar items necessary or convenient for the operation of an institution of higher education, an institution for prekindergarten through grade 12 education or a school for the handicapped, whether or not such items are related to a particular facility or structure financed under this chapter;

(B) In the case of a participating institution that is a housing institution, a structure or structures suitable for use as housing, including residences or multiunit housing facilities, administration buildings, maintenance, storage or utility facilities and other structures or facilities related to any of the structures required or used for the operation of the housing, including parking and other facilities or structures essential or convenient for the orderly provision of such housing. It shall also include landscaping, site preparation, furniture, equipment and machinery and other similar items necessary or convenient for the particular housing facility or structure in the manner for which its use is intended and shall further include any furnishings, equipment, machinery and other similar items necessary or convenient for the provision of housing, whether or not such items are related to a particular facility or structure financed under this chapter;

(C) In the case of a participating institution that is a cultural institution, a structure or structures suitable for its purposes, whether or not to be used to provide educational services, or research resources, including use as or in connection with an administrative facility, aquarium, assembly hall, auditorium, botanical garden, exhibition hall, gallery, greenhouse, library, museum, scientific laboratory, theater or zoological facility. It shall also include supporting facilities, landscaping, site preparation, furniture, equipment, machinery and other similar items necessary or convenient for the operation
of a cultural institution, whether or not such items are related to a particular facility or structure financed under this chapter, including books, works of art or other items for display or exhibition; and

(D) In the case of a participating institution that is a health care institution, a structure or structures suitable for its purposes, including hospital facilities, inpatient and outpatient clinics, doctors’ offices, administration buildings, parking, maintenance, storage or utility facilities, nursing care or assisted living facilities, elderly care and housing facilities, including retirement communities, and other structures or facilities related to any of the structures required or used for the operation of the health care institution, including other facilities or structures essential or convenient for the orderly provision of such health care. It shall also include landscaping, site preparation, furniture, equipment and machinery and other similar items necessary or convenient for the particular health care facility or structure in the manner for which its use is intended and shall further include any working capital, furnishings, equipment, machinery and other similar items necessary or convenient for the provision of health care, whether or not such items are related to a particular facility or structure financed under this chapter, including borrowings needed to alleviate interim cash flow deficits of a health care institution.

(b) “Project” also includes any combination of one or more of the projects undertaken jointly by one or more participating institutions with each other or with other parties.

(c) “Project” does not include any facility used or to be used for sectarian instruction or as a place of religious worship or any facility which is used or to be used primarily in connection with any part of the program of a school or department of divinity for any religious denomination.

(13) “School for the handicapped” means a public or nonprofit primary, secondary or post-secondary school within this state which serves students at least 70 percent of whom are handicapped as determined by one or more appropriate education, rehabilitation, medical or mental health authorities;
is accredited by a recognized accrediting body; and is determined by the au-

thority to be a major resource of benefit to the handicapped. “School for the

handicapped” does not mean any school or any institution primarily engaged

in religious or sectarian activities.

SECTION 114. ORS 289.200 is amended to read:

289.200. (1) If the State Treasurer determines that revenue bonds should

be issued:

(a) The State Treasurer may authorize and issue in the name of the State

of Oregon revenue bonds secured by revenues from eligible projects to fi-

nance or refinance in whole or part the cost of acquisition, purchase, con-

struction, reconstruction, installations improvement, betterment or extension

of projects. The bonds shall be identified by project and issued in the man-

ner prescribed by ORS [286.010, 286.020 and 286.105 to 286.135, and] chapter

286. Refunding bonds may be issued to refinance [such] the revenue bonds.

(b) The State Treasurer shall designate the underwriter, trustee and bond

counsel, if any, and enter into appropriate agreements with each to carry out

the provisions of this chapter. An agreement with bond counsel designated

by the State Treasurer under this section is subject to the provisions related

to services provided by bond counsel under [ORS 288.523, and the appoint-

ment must be approved by the Attorney General as required by ORS 288.523]

section 21 of this 2007 Act.

(2) Any trustee designated by the State Treasurer to carry out all or part

of the powers specified in ORS 289.110 must agree to furnish financial

statements and audit reports for each bond issue.

(3) The State Treasurer shall be the applicable elected representative for

purposes of approving the issuance of revenue bonds under this chapter as

to the extent such approval is required under section 147(f) of the Internal

Revenue Code [of 1986], as amended[, or any successor provision thereto].

(4) The State Treasurer shall collect data from the Oregon Facilities Au-

tority regarding the amount and nature of bonded indebtedness in Oregon

health care institutions financed through the authority.
SECTION 115. ORS 289.205 is amended to read:

289.205. (1) In determining whether to issue revenue bonds under this chapter, the State Treasurer shall consider:
(a) The bond market for the types of bonds proposed for issuance.
(b) The terms and conditions of the proposed issue.
(c) Such other relevant factors as the State Treasurer considers necessary to protect the financial integrity of the state.

(2) Bonds authorized under this chapter shall be issued in accordance with the provisions of ORS 288.515 to 288.550 chapter 286.

(3) Reasonable administrative expenses of the State Treasurer shall be charged against bond proceeds or project revenues.

SECTION 116. ORS 293.173 is repealed.

SECTION 117. ORS 293.824 is amended to read:

293.824. (1) As used in this section:
(a) “Council” means the Oregon Investment Council.
(b) “Governmental unit” has the meaning given the term under ORS 288.150.
(c) “Investor” means an entity which deposits proceeds with the State Treasurer for investment in a pool.
(d) “Pool” means a fund or account established by the State Treasurer for the investment of proceeds for one or more investors, pursuant to this section.
(e) “Public body” has the meaning given that term in section 43 of this 2007 Act.
(f) “Proceeds” means funds obtained from the sale of tax-exempt obligations, and other funds which secure, or are held to pay debt service on, tax-exempt obligations.
(g) “Tax-exempt obligations” means bonds, notes, certificates or other obligations, the interest on which is excluded from gross income under the United States Internal Revenue Code.

(2) In addition to the other powers granted to the State Treasurer, the
State Treasurer may create one or more pools for the investment of proceeds. The pools shall be separate and distinct from the General Fund. Amounts in a pool shall be invested under the standards for investment of state funds which are provided in ORS 293.701 to 293.820. However, the investment objective for the pools shall be to make the amounts therein as productive to the investor as is administratively reasonable, taking into account restrictions imposed by the United States on the investment of the proceeds and the ability of the investor to retain investment earnings for its benefit. Amounts in a pool shall be invested according to policies established by the Oregon Investment Council. ORS 293.820 shall not apply to investments of amounts in a pool. The State Treasurer or the council may enter into agreements with investors regarding the investment of proceeds in a pool authorized by this section and may take other action reasonably required to establish and operate pools for the investment of proceeds in a manner which reduces the burden on investors of complying with federal arbitrage laws.

(3) The State Treasurer or the council may contract for trust, investment management, legal, accounting, financial advisory and other services with respect to the funds invested in a pool. Costs of the services may be paid from earnings on proceeds invested in a pool, from fees charged to investors or from any other legally available funds. The State Treasurer may charge investors fees for deposit or withdrawal of amounts from a pool. The fees shall not exceed the State Treasurer’s reasonable estimate of the costs of creating and operating the pool.

(4) The State Treasurer shall establish policies and procedures for the allocation of pool expenses, earnings and losses among investors in a pool, and for the deposit and withdrawal of amounts in a pool. Net earnings on amounts in pools shall be distributed among investors in accordance with the policies and procedures established by the State Treasurer.

(5) The State of Oregon, its agencies, governmental units public bodies and trustees which hold proceeds may invest proceeds through the State Treasurer in a pool.

[119]
SECTION 118. ORS 294.052 is amended to read:

294.052. (1) As used in this section:

(a) “Bond” [has the meaning given that term in ORS 288.605] means:

(A) A general obligation bond, as defined in section 43 of this 2007 Act;

(B) A revenue bond, as defined in section 43 of this 2007 Act; or

(C) A certificate of participation.

(b) “Certificate of participation” [has the meaning given that term in ORS 288.605] means a financing agreement entered into by a municipality authorized by law to enter into financing agreements, or certificate of participation issued under such financing agreements.

(c) “Financing agreement” means a lease purchase agreement, an installment sale agreement, a loan agreement or any other agreement to finance real or personal property that is or will be owned and operated by a municipality, or to refinance previously executed financing agreements.

(c) (d) “Municipality” means a unit of local government within Oregon including, but not limited to, cities, counties, school districts, special districts, public corporations and intergovernmental corporations organized under the authority of ORS 190.010.

(2) Notwithstanding ORS 294.135 or 294.145 or any other law or charter provision, a municipality may invest proceeds of bonds or certificates of participation and amounts held in a bond or certificate of participation payment, reserve or proceeds fund or account in float agreements, debt service deposit agreements, forward investment agreements, guaranteed investment contracts or other investment agreements if the agreements or contracts:

(a) Produce a guaranteed rate of return;

(b) Are fully collateralized by direct obligations of, or obligations guaranteed by, the United States; and

(c) Require that the collateral be held by the municipality, an agent of
the municipality or a third-party safekeeping agent.

SECTION 119. ORS 294.326 is amended to read:

294.326. (1) Except as provided in subsections (3) to (11) of this section, it is unlawful for any municipal corporation to expend money or to certify to the assessor an ad valorem tax rate or estimated amount of ad valorem taxes to be imposed in any year unless the municipal corporation has complied with ORS 294.305 to 294.565.

(2) To the extent that any of subsections (3) to (11) of this section apply in a given case, the municipal corporation need not comply with ORS 294.305 to 294.565.

(3) Subsection (1) of this section does not apply to the expenditure in the year of receipt of grants, gifts, bequests or devises transferred to a municipal corporation in trust for specific purposes or to other special purpose trust funds at the disposal of municipal corporations. However, subsection (1) of this section does apply to the expenditure of grants, gifts, bequests or devises transferred to a municipal corporation for undesignated general purposes or to the expenditure of grants, gifts, bequests or devises transferred to a municipal corporation in trust for specific purposes which were received in a prior year. Expenditure of grants, gifts, bequests and devises exempt from subsection (1) of this section by this subsection is lawful only after enactment by the governing body of the municipal corporation of appropriation ordinances or resolutions authorizing the expenditure.

(4) Subsection (1) of this section does not apply whenever the governing body of a municipal corporation has declared the existence of an unforeseen occurrence or condition which could not have been foreseen at the time of the preparation of the budget for the current year or current budget period or could not have foreseen a pressing necessity for the expenditure or has received a request for services or facilities, the cost of which is supplied by a private individual, corporation or company or by another governmental unit necessitating a greater expenditure of public money for any specific purpose or purposes than the amount budgeted in order to provide the ser-
vices for which the governing body of the municipal corporation was responsible. The governing body may make excess expenditures for the specific purpose or purposes beyond the amount budgeted and appropriated to the extent that maintenance, repair or self-insurance reserves authorized by ORS 294.366 or nontax funds are available or may be made available. The expenditures are lawful only after the enactment of appropriate appropriation ordinances or resolutions authorizing the expenditures. The ordinance or resolution must state the need for the expenditure, the purpose for the expenditure and the amount appropriated.

(5) Subsection (1) of this section does not apply to the expenditure during the current year or current budget period of the proceeds of the sale of the following bonds or other obligations, or to the expenditure during the current year or current budget period of other funds to pay debt service on the following bonds or other obligations:

(a) Bonds that are issued under [the Uniform Revenue Bond Act, ORS 288.805 to 288.945,] section 47 of this 2007 Act and for which the referral period described in [ORS 288.815] section 47 of this 2007 Act ended after the preparation of the budget of the current year or current budget period;
(b) Bonds or other obligations that were approved by the electors during the current year or current budget period; or
(c) Bonds or other obligations issued during the current year or current budget period to refund previously issued bonds or obligations.

(6) Subsection (1) of this section does not apply to:

(a) Expenditures of funds received from the sale of conduit revenue bonds or other borrowings issued for private business entities or nonprofit corporations by cities, counties, county service districts, port districts, special districts, the Port of Portland or the State of Oregon or to pay debt service on the bonds;
(b) Expenditures of funds that have been irrevocably placed in escrow for the purpose of defeasing and paying bonds or other borrowings;
(c) Expenditures of assessments or other revenues to redeem bonds or
other obligations that are payable from the assessments or other revenues, when the assessments or other revenues are received as a result of prepayments or other unforeseen circumstances; or

(d) Expenditures of funds that are held as debt service reserves for bonds or other borrowings if the expenditures are made to:

(A) Pay debt service on the bonds or other borrowings;

(B) Redeem the bonds or other borrowings; or

(C) Fund an escrow or trust account to defease or pay the bonds or other borrowings.

(7) Subsection (1) of this section does not apply to expenditures of funds received from assessments against benefited property for local improvements as defined in ORS 223.001 to the extent that the cost of the improvements is to be paid by owners of benefited property.

(8) Subsection (1) of this section does not apply to the expenditure of funds accumulated to pay deferred employee compensation.

(9) Subsection (1) of this section does not apply to refunds or the interest on refunds granted by counties under ORS 311.806.

(10) Subsection (1) of this section does not apply to refunds received by a municipal corporation when purchased items are returned after an expenditure has been made. Expenditure of refunded amounts to which this subsection applies is lawful only after the governing body of the municipal corporation has enacted, after public hearing, appropriate appropriation ordinances or resolutions authorizing the expenditure.

(11) Subsection (1) of this section does not apply to a newly formed municipal corporation during the fiscal year in which it was formed. If a new municipal corporation is formed between March 1 and June 30, subsection (1) of this section does not apply to the municipal corporation during the fiscal year immediately following the fiscal year in which it was formed.

SECTION 120. ORS 294.386 is amended to read:

294.386. Each municipal corporation shall prepare a financial summary. The financial summary shall include:
(1) A summary statement by funds showing the estimate of budget resources and the estimate of expenditures;

(2) A classified statement of outstanding indebtedness, but not including indebtedness that has been defeased and is no longer considered to be outstanding as provided in [ORS 288.675] section 59 of this 2007 Act;

(3) A classified statement of all indebtedness authorized but not incurred; and

(4) A summary statement of the estimate of ad valorem property taxes, stated in dollars and cents and also stated as an estimated tax rate per thousand dollars of assessed value.

**SECTION 121.** ORS 294.443 is amended to read:

294.443. In the exercise of the authority granted by ORS [288.165,] 328.565 and 341.715 and section 48 of this 2007 Act, specific provision for interest must be contained in duly adopted budgets. However, reporting of anticipated loan proceeds and related principal repayments within a particular fiscal year or budget period may be accomplished in narrative form or by footnoted schedules to the duly adopted budget and need not be included as a budgetary resource or requirement. Such narrative or footnoted disclosure must indicate that principal repayments are a liability of the applicable fund from which they are made.

**SECTION 122.** ORS 294.483 is amended to read:

294.483. [(1) A municipal corporation that has outstanding limited tax bonds, as defined in ORS 288.150, that were issued pursuant to ORS 287.049 shall budget and appropriate, subject to any applicable covenants or agreements that limit payment of certain obligations to particular sources of funds, amounts sufficient to pay, in each succeeding fiscal year or budget period, debt service on the bonds. However, this section does not require the municipal corporation to adopt a supplemental budget to pay the principal and interest coming due on limited tax bonds in the fiscal year or budget period in which the bonds are authorized and issued.]

[(2)] A municipal corporation is not required to adopt a supplemental
budget to:

[(a)] (1) Expend during the current year or current budget period proceeds of the sale of the following bonds or other obligations:

[(A)] (a) Bonds that are issued under [the Uniform Revenue Bond Act, ORS 288.805 to 288.945,] section 47 of this 2007 Act and for which the referral period described in [ORS 288.815] section 47 of this 2007 Act ended after the preparation of the budget for the current year or current budget period.

[(B)] (b) Bonds or other obligations that were approved by the electors during the current year or current budget period.

[(C)] (c) Bonds or other obligations issued during the current year or current budget period to refund previously issued bonds or obligations.

[(b)] (2) Expend during the current year or current budget period other funds to pay the principal and interest coming due on bonds or other obligations listed in [paragraph (a) of this] subsection (1) of this section.

[(c)] (3) Expend assessments or other revenues to redeem bonds or other obligations that are payable from the assessments or other revenues, when the assessments or other revenues are received as a result of prepayments or other unforeseen circumstances.

SECTION 123. ORS 294.820 is amended to read:

294.820. If the State Treasurer and the Oregon Investment Council terminate the operation of all investment pools created under ORS 293.824, [governmental units, as defined in ORS 288.150,] public bodies, as defined in section 43 of this 2007 Act, may establish by written agreement under ORS chapter 190 one or more pools for the investment of proceeds for the purposes identified in ORS 293.822. In establishing one or more such pools, the participating [governmental units] public bodies may exercise those powers conferred on the State Treasurer and the Oregon Investment Council by ORS 293.824.

SECTION 124. ORS 295.005 is amended to read:

295.005. As used in ORS 295.005 to 295.165, unless the context requires
otherwise:

(1) “Certificate of participation” or “certificate” means a nonnegotiable document issued by a pool manager to a public official.

(2) “Custodian bank” or “custodian” means the following institutions designated by the depository bank for its own account:
   (a) The Federal Reserve Bank designated to serve this state, or any branch of that bank;
   (b) The Federal Home Loan Bank designated to serve this state, or any branch of that bank;
   (c) Any insured institution or trust company, as those terms are defined in ORS 706.008, that is authorized to accept deposits or transact trust business in this state and that complies with ORS 295.008; and
   (d) The fiscal agency of the State of Oregon, duly appointed and acting as such agency pursuant to [ORS 288.010 to 288.110] section 22 of this 2007 Act.

(3) “Custodian’s receipt” or “receipt” means a document issued by a custodian bank to a pool manager describing the securities deposited with it by a depository bank to secure public fund deposits.

(4) “Depository bank” or “depository” means an insured institution or trust company, as those terms are defined in ORS 706.008, a credit union, as defined in ORS 723.006, the shares and deposits of which are insured by the National Credit Union Share Insurance Fund, or a federal credit union, if the institution, trust company or credit union:
   (a) Maintains a head office or a branch in this state in the capacity of an insured institution, trust company, credit union or federal credit union; and
   (b) In the case of an insured institution or trust company, complies with ORS 295.008.

(5) “Pool manager” means:
   (a) The State Treasurer;
   (b) Any insured institution or trust company, as those terms are defined
in ORS 706.008, a credit union, as defined in ORS 723.006, the shares and
deposits of which are insured by the National Credit Union Share Insurance
Fund, or a federal credit union, if the institution, trust company or credit
union:

(A) Is authorized to accept deposits or transact trust business in this
state; and
(B) In the case of an insured institution or trust company, complies with
ORS 295.008;
(c) The Federal Reserve Bank designated to serve this state, or any
branch of that bank; or
(d) The Federal Home Loan Bank designated to serve this state, or any
branch of that bank.
(6) “Public funds” or “funds” means funds under the control or in the
custody of a public official by virtue of office.
(7) “Security” or “securities” means:
(a) Obligations of the United States, including those of its agencies and
instrumentalities;
(b) Obligations of the International Bank for Reconstruction and Devel-
opment;
(c) Bonds of any state of the United States:
(A) That are rated in one of the four highest grades by a recognized in-
vestment service organization that has been engaged regularly and contin-
uously for a period of not less than 10 years in rating state and municipal
bonds; or
(B) Having once been so rated are ruled to be eligible securities for the
purposes of ORS 295.005 to 295.165, notwithstanding the loss of such rating;
(d) Bonds of any county, city, school district, port district or other public
body in the United States payable from ad valorem taxes levied generally on
substantially all property within the issuing body and that meet the rating
requirement or are ruled to be eligible securities as provided in paragraph
(c) of this subsection;
(e) Bonds of any county, city, school district, port district or other public body issued pursuant to the Constitution or statutes of the State of Oregon or the charter or ordinances of any county or city within the State of Oregon, if the issuing body has not been in default with respect to the payment of principal or interest on any of its bonds within the preceding 10 years or during the period of its existence if that is less than 10 years;

(f) Bond anticipation notes issued, sold or assumed by an authority under ORS 441.560;

(g) One-family to four-family housing mortgage loan notes related to property situated in the State of Oregon, which are owned by a depository bank, no payment on which is more than 90 days past due, and which are eligible collateral for loans from the Federal Reserve Bank of San Francisco under section 10(b) of the Federal Reserve Act and regulations thereunder;

(h) Bonds, notes, letters of credit or other securities or evidence of indebtedness constituting the direct and general obligation of a federal home loan bank or Federal Reserve bank;

(i) Debt obligations of domestic corporations that are rated in one of the three highest grades by a recognized investment service organization that has been engaged regularly and continuously for a period of not less than 10 years in rating corporate debt obligations;

(j) Collateralized mortgage obligations and real estate mortgage investment conduits that are rated in one of the two highest grades by a recognized investment service organization that has been engaged regularly and continuously for a period of not less than 10 years in rating corporate debt obligations; and

(k) One-family to four-family housing mortgages that have been secured by means of a guarantee as to full repayment of principal and interest by an agency of the United States Government, including the Government National Mortgage Association, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(8) “Public official” means each officer or employee of this state or any
agency, political subdivision or public or municipal corporation thereof who
by law is made the custodian of or has control of any public funds.

(9) “Value” means the current market value of securities.

**SECTION 125.** ORS 295.011 is amended to read:

ORS 295.011. (1) The following public funds are not subject to the provisions
of ORS 295.005 to 295.165:

(a) Funds that are deposited for the purpose of paying principal, interest
or premium, if any, on bonds, like borrowings and related costs or securing
a borrowing related to an agreement for exchange of interest rates entered
into under [ORS 287.025] **section 11 or 54 of this 2007 Act.**

(b) Funds that are invested in authorized investments under provisions
of law other than ORS 295.005 to 295.165. Funds invested under ORS 293.701
to 293.820 are invested in authorized investments for purposes of this sub-
section from the time the funds are transferred by the State Treasurer to a
third party under the terms of a contract for investment or administration
of the funds that requires such a transfer until the time the funds are re-
turned to the treasurer or paid to another party under the terms of the
contract.

(c) Negotiable certificates of deposit purchased by the State Treasurer
under ORS 293.736 or by an investment manager under ORS 293.741.

(2) Notwithstanding subsection (1) of this section, funds deposited by a
custodial officer under ORS 294.035 (3)(d) are subject to the provisions of
ORS 295.005 to 295.165.

**SECTION 126.** ORS 310.140 is amended to read:

ORS 310.140. The Legislative Assembly finds that section 11b, Article XI of the
Oregon Constitution, was drafted by citizens and placed before the voters of
the State of Oregon by initiative petition. Section 11b, Article XI of the
Oregon Constitution, uses terms that do not have established legal meanings
and require definition by the Legislative Assembly. Section 11b, Article XI
of the Oregon Constitution, was amended by section 11 (11), Article XI of the
Oregon Constitution. This section is intended to interpret the terms of sec-
tion 11b, Article XI of the Oregon Constitution, as originally adopted and as amended by section 11 (11), Article XI of the Oregon Constitution, consistent with the intent of the people in adopting these provisions, so that the provisions of section 11b, Article XI of the Oregon Constitution, may be given effect uniformly throughout the State of Oregon, with minimal confusion and misunderstanding by citizens and affected units of government. As used in the revenue and tax laws of this state, and for purposes of section 11b, Article XI of the Oregon Constitution:

(1) “Actual cost” means all direct or indirect costs incurred by a government unit in order to deliver goods or services or to undertake a capital construction project. The “actual cost” of providing goods or services to a property or property owner includes the average cost or an allocated portion of the total amount of the actual cost of making a good or service available to the property or property owner, whether stated as a minimum, fixed or variable amount. “Actual cost” includes, but is not limited to, the costs of labor, materials, supplies, equipment rental, property acquisition, permits, engineering, financing, reasonable program delinquencies, return on investment, required fees, insurance, administration, accounting, depreciation, amortization, operation, maintenance, repair or replacement and debt service, including debt service payments or payments into reserve accounts for debt service and payment of amounts necessary to meet debt service coverage requirements.

(2) “Assessment for local improvement” means any tax, fee, charge or assessment that does not exceed the actual cost incurred by a unit of government for design, construction and financing of a local improvement.

(3) “Bonded indebtedness” means any formally executed written agreement representing a promise by a unit of government to pay to another a specified sum of money, at a specified date or dates at least one year in the future.

(4) “Capital construction”:

(a) For bonded indebtedness issued prior to December 5, 1996, and for the
proceeds of any bonded indebtedness approved by electors prior to December 5, 1996, that were spent or contractually obligated to be spent prior to June 20, 1997, means the construction, modification, replacement, repair, remodeling or renovation of a structure, or addition to a structure, that is expected to have a useful life of more than one year, and includes, but is not limited to:

(A) Acquisition of land, or a legal interest in land, in conjunction with the capital construction of a structure.

(B) Acquisition, installation of machinery or equipment, furnishings or materials that will become an integral part of a structure.

(C) Activities related to the capital construction, including planning, design, authorizing, issuing, carrying or repaying interim or permanent financing, research, land use and environmental impact studies, acquisition of permits or licenses or other services connected with the construction.

(D) Acquisition of existing structures, or legal interests in structures, in conjunction with the capital construction.

(b) For bonded indebtedness issued on or after December 5, 1996, except for the proceeds of any bonded indebtedness approved by electors prior to December 5, 1996, that were spent or contractually obligated to be spent before June 20, 1997, has the meaning given that term in paragraph (a) of this subsection, except that “capital construction”:

(A) Includes public safety and law enforcement vehicles with a projected useful life of five years or more; and

(B) Does not include:

(i) Maintenance and repairs, the need for which could be reasonably anticipated;

(ii) Supplies and equipment that are not intrinsic to the structure; or

(iii) Furnishings, unless the furnishings are acquired in connection with the acquisition, construction, remodeling or renovation of a structure, or the repair of a structure that is required because of damage or destruction of the structure.
(5) “Capital improvements”:
(a) For bonded indebtedness issued prior to December 5, 1996, and for the
proceeds of any bonded indebtedness approved by electors before December
5, 1996, that were spent or contractually obligated to be spent before June
20, 1997, means land, structures, facilities, [as that term is defined in ORS
288.805], machinery, equipment or furnishings having a useful life longer
than one year.
(b) For bonded indebtedness issued on or after December 5, 1996, except
for the proceeds of any bonded indebtedness approved by electors prior to
December 5, 1996, that were spent or contractually obligated to be spent be-
fore June 20, 1997, has the meaning given that term in paragraph (a) of this
subsection, except that “capital improvements”:
(A) Includes public safety and law enforcement vehicles with a projected
useful life of five years or more; and
(B) Does not include:
(i) Maintenance and repairs, the need for which could be reasonably an-
ticipated;
(ii) Supplies and equipment that are not intrinsic to the structure; or
(iii) Furnishings, unless the furnishings are acquired in connection with
the acquisition, construction, remodeling or renovation of a structure, or the
repair of a structure that is required because of damage or destruction of the
structure.
(6) “Direct consequence of ownership” means that the obligation of the
owner of property to pay a tax arises solely because that person is the owner
of the property, and the obligation to pay the tax arises as an immediate and
necessary result of that ownership without respect to any other intervening
transaction, condition or event.
(7)(a) “Exempt bonded indebtedness” means:
(A) Bonded indebtedness authorized by a specific provision of the Oregon
Constitution;
(B) Bonded indebtedness incurred or to be incurred for capital con-
struction or capital improvements that was issued as a general obligation of the issuing governmental unit on or before November 6, 1990; (C) Bonded indebtedness incurred or to be incurred for capital construction or capital improvements that was issued as a general obligation of the issuing governmental unit after November 6, 1990, with the approval of the electors of the issuing governmental unit; or (D) Bonded indebtedness incurred or to be incurred for capital construction or capital improvements, if the issuance of the bonds is approved by voters on or after December 5, 1996, in an election that is in compliance with the voter participation requirements of section 11 (8), Article XI of the Oregon Constitution.

(b) “Exempt bonded indebtedness” includes bonded indebtedness issued to refund or refinance any bonded indebtedness described in paragraph (a) of this subsection.

(8)(a) “Incurred charge” means a charge imposed by a unit of government on property or upon a property owner that does not exceed the actual cost of providing goods or services and that can be controlled or avoided by the property owner because:

(A) The charge is based on the quantity of the goods or services used, and the owner has direct control over the quantity;

(B) The goods or services are provided only on the specific request of the property owner; or

(C) The goods or services are provided by the government unit only after the individual property owner has failed to meet routine obligations of ownership of the affected property, and such action is deemed necessary by an appropriate government unit to enforce regulations pertaining to health or safety.

(b) For purposes of this subsection, an owner of property may control or avoid an incurred charge if the owner is capable of taking action to affect the amount of a charge that is or will be imposed or to avoid imposition of a charge even if the owner must incur expense in so doing.
(c) For purposes of paragraph (a)(A) of this subsection, an owner of property has direct control over the quantity of goods or services if the owner of property has the ability, whether or not that ability is exercised, to determine the quantity of goods or services provided or to be provided.

(9)(a) “Local improvement” means a capital construction project, or part thereof, undertaken by a local government, pursuant to ORS 223.387 to 223.399, or pursuant to a local ordinance or resolution prescribing the procedure to be followed in making local assessments for benefits from a local improvement upon the lots that have been benefited by all or a part of the improvement:

(A) That provides a special benefit only to specific properties or rectifies a problem caused by specific properties;

(B) The costs of which are assessed against those properties in a single assessment upon the completion of the project; and

(C) For which the property owner may elect to make payment of the assessment plus appropriate interest over a period of at least 10 years.

(b) For purposes of paragraph (a) of this subsection, the status of a capital construction project as a local improvement is not affected by the accrual of a general benefit to property other than the property receiving the special benefit.

(10) “Maintenance and repairs, the need for which could be reasonably anticipated”:

(a) Means activities, the type of which may be deducted as an expense under the provisions of the federal Internal Revenue Code, as amended and in effect on December 31, 2004, that keep the property in ordinarily efficient operating condition and that do not add materially to the value of the property nor appreciably prolong the life of the property;

(b) Does not include maintenance and repair of property that is required by damage, destruction or defect in design, or that was otherwise not reasonably expected at the time the property was constructed or acquired, or the addition of material that is in the nature of the replacement of property.
and that arrests the deterioration or appreciably prolongs the useful life of
the property; and

(c) Does not include street and highway construction, overlay and recon-
struction.

(11) “Projected useful life” means the useful life, as reasonably estimated
by the unit of government undertaking the capital construction or capital
improvement project, beginning with the date the property was acquired,
constructed or reconstructed and based on the property’s condition at the
time the property was acquired, constructed or reconstructed.

(12) “Routine obligations of ownership” means a standard of operation,
maintenance, use or care of property established by law, or if established by
custom or common law, a standard that is reasonable for the type of property
affected.

(13) “Single assessment” means the complete assessment process, includ-
ing preassessment, assessment or reassessment, for any local improvement
authorized by ORS 223.387 to 223.399, or a local ordinance or resolution that
provides the procedure to be followed in making local assessments for bene-
fits from a local improvement upon lots that have been benefited by all or
part of the improvement.

(14) “Special benefit only to specific properties” shall have the same
meaning as “special and peculiar benefit” as that term is used in ORS
223.389.

(15) “Specific request” means:

(a) An affirmative act by a property owner to seek or obtain delivery of
goods or services;

(b) An affirmative act by a property owner, the legal consequence of
which is to cause the delivery of goods or services to the property owner;
or

(c) Failure of an owner of property to change a request for goods or ser-
vices made by a prior owner of the property.

(16) “Structure” means any temporary or permanent building or improve-
ment to real property of any kind that is constructed on or attached to real
property, whether above, on or beneath the surface.

(17) “Supplies and equipment intrinsic to a structure” means the supplies
and equipment that are necessary to permit a structure to perform the
functions for which the structure was constructed, or that will, upon instal-
lation, constitute fixtures considered to be part of the real property that is
comprised, in whole or part, of the structure and land supporting the struc-
ture.

(18) “Tax on property” means any tax, fee, charge or assessment imposed
by any government unit upon property or upon a property owner as a direct
consequence of ownership of that property, but does not include incurred
charges or assessments for local improvements. As used in this subsection,
“property” means real or tangible personal property, and intangible property
that is part of a unit of real or tangible personal property to the extent that
such intangible property is subject to a tax on property.

SECTION 127. ORS 327.705 is amended to read:

327.705. The Legislative Assembly declares that the purpose of ORS
327.700 to 327.711 is to authorize lottery bonds for state education projects.
The lottery bonds authorized by ORS 327.700 to 327.711 shall be issued pur-
suant to ORS 286.560 to 286.580 [and 348.716]. The obligation of the State of
Oregon with respect to the lottery bonds and with respect to any grant
agreement or other commitment authorized by ORS 327.700 to 327.711,
327.731, 348.696 and 777.277 shall at all times be restricted to the availability
of unobligated net lottery proceeds, proceeds of lottery bonds and any other
amounts specifically committed by ORS 286.560 to 286.580 [and 348.716].
Neither the faith and credit of the State of Oregon nor any of its taxing
power shall be pledged or committed to the payment of lottery bonds or any
other commitment of the State of Oregon authorized by ORS 327.700 to
327.711.

SECTION 128. ORS 328.230 is amended to read:

328.230. If the electors of the district approve the contracting of bonded
indebtedness, the board of directors, without further vote of the electors, shall issue negotiable coupon bonds of the district, at such time or times as the board directs] bonds shall be issued as prescribed in ORS chapter 287.

SECTION 129. ORS 328.235 is repealed.

SECTION 130. ORS 328.280 is amended to read:

328.280. (1) Whenever any school district has any outstanding negotiable interest-bearing warrant indebtedness or bonded indebtedness incurred in building or furnishing any schoolhouse, or for the purchase of any schoolhouse site, or in refunding bonded indebtedness, or in funding warrant indebtedness, which is due or subject at the option of the school district to be paid or redeemed, the school district, by and through its district school board, may:

(a) Issue and exchange, for any such indebtedness, its bonds bearing interest at a rate determined by the district school board; or

(b) Issue and sell such bonds and apply the proceeds of such sale in payment of the indebtedness for the payment of which the refunding bonds are proposed to be issued.

(2) Refunding bonds issued under subsection (1) of this section shall in all respects conform to, and be governed, as to their issue, by the provisions of [ORS 287.008, 328.210 and 328.230 to 328.250] ORS chapter 287.

(3) [The refunding of indebtedness and issuing of bonds for such purpose shall not require an election, but may be done by resolution of the district school board at any legally called board meeting.] The debt limitations imposed by law shall not affect the right of any school district to issue refunding bonds under authority of this section. The validity of any bonds so issued, or of the indebtedness thereby refunded, shall not thereafter be open to contest by the school district or by any person for any reason [whatever].

SECTION 131. ORS 328.295 is amended to read:

328.295. All school bonds, including funding and refunding bonds, notes and negotiable interest-bearing warrants which have been specifically au-
Authorized by vote of the electors, shall be [advertised for sale and sold in the manner prescribed in ORS 287.014 to 287.022] issued as prescribed in ORS chapter 287.

SECTION 132. ORS 328.321 is amended to read:

328.321. As used in ORS 328.321 to 328.356:

(1) “Common School Fund” means the state school fund described in section 2, Article VIII, Oregon Constitution.

(2) “General obligation bond” has the meaning given that term in [ORS 288.150] section 43 of this 2007 Act.

(3) “Paying agent” means the corporate paying agent selected by the school district board for a school bond issue who is:

(a) Duly qualified; and

(b) Acceptable to the State Treasurer.

(4) “School bond” means any general obligation bond issued by a school district.

(5) “School district” means a common or union high school district, an education service district or a community college district.

(6) “State bonds” means those general obligation bonds issued by the State of Oregon to meet its obligations under the state guaranty as described in ORS 328.351.

(7) “State guaranty” means the pledge of the full faith and credit and taxing power of the State of Oregon to guarantee payment of eligible school bonds as set forth in ORS 328.321 to 328.356.

SECTION 133. ORS 328.351 is amended to read:

328.351. (1) If, at the time the state is required to make a debt service payment under the state guaranty on behalf of a school district, sufficient moneys of the state are not on hand and available for that purpose, the State Treasurer may, singly or in any combination:

(a) Obtain from the Common School Fund or from any other state funds that qualify to make a loan under ORS 293.205 to 293.225, if the loan would satisfy the requirements of ORS 293.205 to 293.225, a loan sufficient to make
the required payment.

(b) Borrow money, if economical and convenient, as authorized by [ORS 288.165] section 12 of this 2007 Act.

(c) Issue state bonds as provided in subsection (2) of this section.

(d) With the approval of the Legislative Assembly, or the Emergency Board if emergency funds are lawfully available for making the required payment in the interim between sessions of the Legislative Assembly, pay moneys from the General Fund or any other funds lawfully available for the purpose or from emergency funds amounts sufficient to make the required payment.

(2) The State Treasurer may issue state bonds to meet the state guaranty obligations under ORS 328.321 to 328.356, pursuant to Article XI-K of the Oregon Constitution. The issuance of such state bonds shall be at the determination of the State Treasurer and is exempt from [ORS 286.505 to 286.545] section 10 of this 2007 Act.

(3) Before issuing or selling any state bonds, the State Treasurer shall prepare a written plan of financing that shall provide for:

(a) The terms and conditions under which the state bonds will be issued, sold and delivered, in accordance with any applicable provisions of ORS [chapters 286 and 288] chapter 286;

(b) The taxes or revenues to be anticipated;

(c) The maximum amount of [such] state bonds that may be outstanding at any one time under the plan of financing;

(d) The sources of payment of the state bonds;

(e) The rate or rates of interest, if any, on the state bonds or a method, formula or index under which the interest rate or rates on the state bonds may be determined during the time the state bonds are outstanding; and

(f) Any other details relating to the issuance, sale and delivery of the state bonds, as may be required by the applicable provisions of ORS [chapters 286 and 288] chapter 286. For purposes of ORS [chapters 286 and 288] chapter 286, the office of the State Treasurer shall be deemed the relevant
state agency authorizing the issuance of bonds and for whose benefit the bonds are issued.

(4) In identifying the taxes or revenues to be anticipated and the sources of payment of the state bonds in the financing plan, the State Treasurer may include:

(a) The intercepted revenues authorized by ORS 328.346; or

(b) Any other source of repayment or lawfully available funds and any combination of this paragraph and paragraph (a) of this subsection.

(5) The State Treasurer may include in the plan of financing the terms and conditions of arrangements entered into by the State Treasurer on behalf of the state with financial and other institutions for letters of credit, standby letters of credit, reimbursement agreements and remarketing, indexing and tender agent agreements to secure the state bonds, including payment from any legally available source of fees, charges or other amounts coming due under the agreements entered into by the State Treasurer.

(6)(a) When issuing the state bonds, the State Treasurer shall establish the interest, form, manner of execution, payment, manner of sale, prices at, above or below the face value and all details of issuance of the state bonds in accordance with any applicable provisions of ORS [chapters 286 and 288] chapter 286.

(b) Each state bond shall recite that it is a valid obligation of the state and that the full faith, credit and resources of the state are pledged for the payment of the principal of and interest on the state bond from the taxes or revenues identified in accordance with its terms and the Oregon Constitution and other laws of this state.

(7) Upon the completion of any sale of the state bonds, the State Treasurer shall credit the proceeds of the sale, other than accrued interest and amounts required to pay costs of issuance of the state bonds, to the fund or account established by the State Treasurer to be applied to the purpose for which the state bonds were issued.

SECTION 134. ORS 328.565 is amended to read:

[140]
328.565. (1) As used in this section, “qualified zone academy bond” has the meaning given the term in [26 U.S.C.] section 1397E of the Internal Revenue Code, as amended and in effect on January 1, 2002.

(2) A district school board may contract indebtedness as provided under [ORS 288.165] section 48 of this 2007 Act.

(3) A district school board may issue qualified zone academy bonds or similar tax credit bonds authorized by resolution of the district school board. Unless the bond issue has been approved by electors under ORS 328.205 to 328.304, the district school board must issue the bonds [as limited tax bonds under ORS 288.155 or] as revenue bonds under [ORS 288.805 to 288.945] section 47 of this 2007 Act.

SECTION 135. ORS 341.616 is amended to read:

341.616. (1) The district board shall ascertain and levy annually, in addition to all other taxes, a direct ad valorem tax on all the taxable property within the territory of a service area sufficient to pay promptly, when and as such payments become due, the maturing interest and principal of all bonds outstanding for the specific benefit of such service area that have been approved at an election held pursuant to ORS 341.678 within such service area. The amount of the tax may be increased by an amount sufficient to retire any bonds that may be callable.

(2) Funds derived from a tax levy within a service area specifically for the purpose of paying bonded indebtedness shall be applied solely to the payment of the bonds for which such taxes were levied and shall not be applied to the payment of any other indebtedness of the district.

(3) Bonds authorized pursuant to the terms [hereof] of this section, and any bonds refunding such bonds, shall be [advertised and sold in accordance with the procedures set forth in ORS 287.028 or 341.702, as determined by the district board] issued as prescribed in ORS chapter 287.

SECTION 136. ORS 341.681 is amended to read:

341.681. [(I)] If the electors of the district voting on the question of contracting bonded indebtedness approve the question, the board of the district
may issue [negotiable coupon] bonds of the district.

[(2) The bonds shall:]

[(a) Bear interest at a rate of interest determined by the board pursuant to ORS 288.520, payable semiannually.]

[(b) Bear the original or facsimile signature of the chairperson of the board and be attested by the district clerk.]

[(c) Have annexed interest coupons bearing the original or facsimile signatures of the chairperson of the board and the district clerk.]

[(3) The principal and interest on district bonds are payable in lawful money of the United States of America at the office of the paying agent and registrar or at the place the bonds are issued.]

SECTION 137. ORS 341.685 is amended to read:

341.685. (1) The paying agent and registrar, [as] appointed in accordance with [ORS 288.570] section 49 of this 2007 Act, shall register each community college district bond, including refunding bonds, in a record maintained for that purpose in the office of the paying agent and registrar, noting the community college district, amount, date, time and place of payment, rate of interest and such other facts as the paying agent and registrar may consider proper. The paying agent and registrar shall cause the bonds to be delivered promptly to the purchasers thereof upon payment therefor, and if the place of delivery is outside the city in which the paying agent and registrar’s office is situated, the cost of delivery of the bonds shall be paid by the issuing district.

(2) The paying agent and registrar shall hold the proceeds of the sale of all bonds for the community college district subject to the order of the board of the district to be used solely for the purpose for which the bonds were issued. The paying agent and registrar is authorized to deliver the proceeds of the sale of the bonds to the person designated as custodian of the community college district funds under ORS 341.703.

(3) When the bonds have been so executed, registered and delivered, their legality shall not be open to contest by the community college district, or
by any person for or on its behalf, for any reason whatever.

**SECTION 138.** ORS 341.697 is amended to read:

341.697. (1) Whenever any community college district has any outstanding bonded indebtedness, which is due or subject at the option of the district to be paid or redeemed, the district, by and through the board of the district, may:

(a) Issue and exchange, for any such indebtedness, its bonds bearing the rate of interest determined by the board pursuant to [ORS 288.520] **section 49 of this 2007 Act**; or

(b) Issue and sell such bonds and apply the proceeds of such sale in payment of the indebtedness for the payment of which the refunding bonds are proposed to be issued.

(2) Refunding bonds issued under subsection (1) of this section shall in all respects conform to, and be governed, as to their issue, by ORS [287.008,] 341.675 (3) and [341.681] the provisions of sections 55 to 60 of this 2007 Act that are not inconsistent with this section.

(3) The refunding of indebtedness and issuing of bonds for such purpose shall not require an election, but may be done by resolution of the board of the district at any legally called board meeting. The debt limitations imposed by law shall not affect the right of any district to issue refunding bonds under authority of this section. The validity of any bonds so issued, or of the indebtedness thereby refunded, shall not thereafter be open to contest by the district or by any person for any reason whatever.

**SECTION 139.** ORS 341.702 is amended to read:

341.702. All legally authorized and issued general obligation bonds or revenue bonds shall be [advertised and sold in the manner prescribed in ORS 287.014 to 287.022] **issued as prescribed in ORS chapter 287.**

**SECTION 140.** ORS 341.715 is amended to read:

341.715. (1) As provided by [ORS 288.165] **section 48 of this 2007 Act**, the board of a community college district may contract indebtedness by the issuance of short-term [promissory notes] **bonds** for the purpose of meeting
current expenses, retiring outstanding bonds or warrants, or paying the in-
terest thereon.

(2) The board of the district in which indebtedness was incurred under
this section shall levy an annual tax on all taxable property in the district
sufficient to meet the interest payments and retire the indebtedness, but no
tax shall be necessary where other provisions are made for payment of the
indebtedness.

**SECTION 141.** ORS 341.721 is amended to read:

341.721. (1) To provide funds to community college districts for the pur-
poses specified in Article XI-G of the Oregon Constitution, the State Treas-
urer may issue bonds at the request of the State Board of Education in
accordance with the provisions of ORS [286.031 to 286.061] chapter 286.

(2) The State Treasurer may not issue bonds pursuant to Article XI-G of
the Oregon Constitution under subsection (1) of this section for a community
college project unless a grant agreement has been entered into pursuant to
ORS 341.735 between the Department of Community Colleges and Workforce
Development and the community college district that is receiving the bond
proceeds.

**SECTION 142.** ORS 341.739 is amended to read:

341.739. The Department of Community Colleges and Workforce Develop-
ment may receive bond counsel services and financial advisory services
through the Department of Higher Education. If the Department of Commu-
nity Colleges and Workforce Development receives services through the De-
partment of Higher Education, the Department of Community Colleges and
Workforce Development is not obligated to obtain [those services pursuant to
ORS 286.066 and 286.071] bond counsel services or financial advisory
services as otherwise prescribed in sections 21 and 22 of this 2007 Act.

**SECTION 143.** ORS 348.665 is amended to read:

348.665. Bonds authorized under ORS 348.570 and 348.625 to 348.695 shall
be issued in accordance with the provisions of ORS [288.805 to 288.945]
chapter 286., and] The State Treasurer, in consultation with the Oregon
Student Assistance Commission, [shall have and shall exercise all the powers of a public body, including, but not limited to, the power to] may establish special accounts or subaccounts in the Alternative Student Loan Program Fund created by ORS 348.570 and [the power to] may pledge the assets or the revenues, or any portion thereof, of the alternative student loan program.

SECTION 144. ORS 351.315 is amended to read:

351.315. In carrying out the power and authority granted by ORS 351.140 or 351.160, the State Board of Higher Education may borrow money and notes, bonds or other evidences of indebtedness may be issued, secured by the pledge of the real property to be acquired and revenues, as provided in ORS 351.140 or 351.160. Such evidences of indebtedness shall be issued in accordance with the provisions of ORS [286.031 to 286.061] chapter 286.

SECTION 145. ORS 351.345 is amended to read:

351.345. In order to provide funds for the purposes specified in Article XI-G of the Oregon Constitution, bonds may be issued in accordance with the provisions of ORS [286.031 to 286.061] chapter 286.

SECTION 146. ORS 351.350 is amended to read:

351.350. In order to provide funds for the purposes specified in Article XI-F(1), Oregon Constitution, bonds may be issued in accordance with the provisions of ORS [286.031 to 286.061] chapter 286.

SECTION 147. ORS 351.450 is amended to read:

351.450. (1) The moneys realized from sales of bonds issued to construct, improve, repair, equip and furnish buildings and other structures for higher education, and to purchase and improve sites therefor, shall be credited to a special fund in the State Treasury separate and distinct from the General Fund, to be designated the Higher Education Bond Building Fund.

(2) In the Higher Education Bond Building Fund there shall be:

(a) A separate subfund for the credit of moneys realized from sales of bonds issued pursuant to Article XI-F(1) of the Oregon Constitution and ORS 351.350;

(b) A separate subfund for the credit of moneys realized from sales of
bonds issued pursuant to Article XI-G of the Oregon Constitution and ORS 351.345; and
(c) A separate subfund for the credit of moneys realized from the sales of revenue bonds [issued pursuant to ORS 288.855].
(3) The moneys received from the issuance of temporary bonds under ORS 351.470 for the purpose of interim financing pending the sale of the bonds shall also be credited to the appropriate subfund of the Higher Education Bond Building Fund.
(4) The moneys in the fund are continuously appropriated to defray the costs of the projects to be financed through sale of the bonds and for the purpose of retiring temporary bonds issued under ORS 351.470 and shall not be used for any other purpose, except that such moneys may, with the approval of the State Treasurer, be invested until needed. If a surplus remains after application to such purpose, the surplus, and earnings from temporary investments, shall be credited to the Higher Education Bond Sinking Fund by the appropriate subfund.

SECTION 148. ORS 351.455 is amended to read:
351.455. Notwithstanding any other provisions of law, the Department of Higher Education may expend moneys from the Higher Education Bond Building Fund subfund established by ORS 351.450 including moneys realized from the sale of bonds issued pursuant to Article XI-F(1) of the Oregon Constitution and ORS 351.350, and from the sale of revenue bonds [issued pursuant to ORS 288.855 and 351.350] authorized by ORS 351.315, for the planning, constructing, altering, repairing, furnishing and equipping of buildings and facilities of the kind and character prescribed by Article XI-F(1) of the Oregon Constitution and for the acquisition of land.

SECTION 149. ORS 351.460 is amended to read:
351.460. (1) The State Board of Higher Education shall maintain with the State Treasurer, a Higher Education Bond Sinking Fund, separate and distinct from the General Fund. The Higher Education Bond Sinking Fund shall comprise three separate subfunds to provide for the payment of the principal
of and the interest upon the bonds issued under authority of Article XI-F(1) of the Oregon Constitution and ORS 351.350, and under authority of Article XI-G of the Oregon Constitution and ORS 351.345, and revenue bonds [issued under authority of ORS 288.855] authorized by ORS 351.315. The moneys in the sinking fund are continuously appropriated to the board for such purposes. The fund may be invested by the State Treasurer, and the earnings from such investments shall be credited to the appropriate subfunds of the fund.

(2) The Higher Education Bond Sinking Fund shall consist of all moneys received from ad valorem taxes levied pursuant to ORS 291.445, all moneys that the Legislative Assembly may provide in lieu of such taxes, all of the net revenues received from the projects or undertakings for the financing of which the bonds were issued, including gifts, grants and building fees, such unpledged revenues of buildings and projects of like character as shall be allocated by the board, all moneys received as accrued interest upon bonds sold, all earnings from investments of the fund and the proceeds of the sale of refunding bonds. Moneys credited to the Higher Education Bond Sinking Fund shall be credited to the appropriate subfunds of the fund.

(3) The board may credit the Higher Education Bond Sinking Fund with moneys received from either a sale or interfund transfer of land, buildings and facilities. When the land, buildings or facilities are sold, or the use thereof is rededicated so that a transfer from one subfund to the other is appropriate, the moneys received shall be credited to the appropriate subfund.

(4) The board shall apply student building fees, revenues, gifts and grants for the payment of the principal of and the interest upon the bonds issued under authority of Article XI-F(1) of the Oregon Constitution and [ORS 351.350 and under authority of ORS 288.855] upon revenue bonds authorized by ORS 351.315 until such time as the proper subfund of the sinking fund and investments thereof, as supplemented by expected future income will, in the judgment of the board, be sufficient to meet in full the principal
of and the interest upon all such outstanding bonds. Except for student building fees, income not thus required for the sinking fund shall be transferred to such other fund and account as the board shall designate. Student building fees for buildings constructed from the proceeds of bonds issued under Article XI-F(1) of the Oregon Constitution or ORS 351.315 shall be applied only to those projects bonds authorized under Article XI-F(1) of the Oregon Constitution or ORS 288.855 351.315.

(5)(a) The board may not use the sinking fund for any purpose other than the purposes for which the fund was created.

(b) Notwithstanding paragraph (a) of this subsection, the board may transfer any surplus in the sinking fund to other funds designated by the board if a balance remains in the sinking fund from sources other than student building fees for buildings constructed from the proceeds of bonds issued under Article XI-F(1) of the Oregon Constitution and:

(A) The purposes for which the fund was created have been fulfilled; or

(B) A reserve sufficient to meet all existing and future obligations and liabilities of the fund has been set aside.

SECTION 150. ORS 351.470 is amended to read:

351.470. Pending receipt of the proceeds from the expected sale of bonds authorized by this chapter, to the State of Oregon or to the United States Government or any agency thereof, the State Board of Higher Education may, with the approval of the State Treasurer, procure interim financing from the State of Oregon, the United States Government or any agency thereof, or from any private lending agency, by issuing to such private or public lending agency temporary bonds, without advertisement of such bonds for sale, in order to finance temporarily building projects authorized by the board pursuant to Article XI-F(1) or Article XI-G of the Oregon Constitution [of the State of Oregon, ORS 288.855 and] or ORS 351.160 [(1) or (2)], if the bond issue to be temporarily financed by the issuance of temporary bonds has been authorized by the State Board of Higher Education and a purchase plan has been formu-[148]
lated with and is being considered by the State of Oregon or the United States Government or any agency thereof. The proceeds from the sale of the bonds shall be deposited in the Higher Education Bond Building Fund and credited to the appropriate subfund of such fund, and shall be used to retire the temporary bonds issued under this section. The principal amount of temporary bonds issued under this section \( \text{shall} \) \( \text{may not} \) exceed the principal amount of the bond issue for which a purchase plan has been formulated. The temporary bonds may be extended, renewed or refunded but maturity dates \( \text{shall in no event} \) \( \text{may not} \) be later than two years from the date of issue of the original temporary bonds for the related building project.

SECTION 151. ORS 352.790 is amended to read:

352.790. As used in ORS 352.790 to 352.820, unless the context requires otherwise:

1. “Education facilities” means real or personal property owned or operated by an educational institution and used to provide post-secondary education. “Education facilities” includes administrative offices, student and staff parking and on-campus dormitories, but does not include property used for sectarian instruction nor used primarily as a place of religious worship or as a part of a program of a school or department of divinity for any religious denomination or for the religious training of ministers, priests, rabbis or other similar persons in the field of religion.

2. “Education facilities costs” means all costs of acquiring, constructing and improving education facilities, and capitalized interest, reserves, costs of credit enhancements and costs of issuing and paying revenue bonds.

3. “Education facility revenues” means repayments of loans authorized by ORS 352.800 (3), and any moneys derived from rights or property which are security for such a loan.

4. “Educational institution” means any nonprofit institution located in this state which grants post-secondary degrees and is accredited by the Northwest Association of Schools and Colleges or affiliated nonprofit foundations whose role is to further the mission of qualified institutions.
(5) “Municipality” means any city or county.

(6) “Revenue bond” [means bonds, notes, loan contracts or other obligations] means a revenue bond as defined in section 43 of this Act that is issued by a municipality pursuant to ORS 352.790 to 352.820.

SECTION 152. ORS 352.800 is amended to read:

352.800. Except as otherwise provided in ORS 352.810, a municipality shall have all powers necessary to finance education facilities in accordance with ORS 352.790 to 352.820, including the power:

(1) To borrow money and to issue revenue bonds to finance education facilities costs or to refund revenue bonds, as provided in ORS 288.815 to 288.945.

(2) To pledge education facility revenues to pay revenue bonds.

(3) To loan money to educational institutions to finance education facilities and to enter into loan contracts.

(4) To enter into covenants with the owners of revenue bonds which are intended to protect the rights of such owners.

(5) To contract with trustees to hold and administer education facility revenues and the proceeds of revenue bonds.

(6) To take any other action necessary to carry out the powers granted by ORS 352.790 to 352.820.

SECTION 153. ORS 352.805 is amended to read:

352.805. (1) Revenue bonds shall be payable solely from that portion of education facility revenues which the municipality pledges therefor in the resolution authorizing issuance of revenue bonds.

(2) A municipality may authorize the issuance of revenue bonds by resolution or nonemergency ordinance under the procedure described in [ORS 288.815] ORS chapter 287.

(3) The resolution may provide for the establishment of one or more special funds and may place such funds under the control of one or more trustees. The resolution may obligate the municipality to deposit and expend the proceeds of the revenue bonds only into and from such fund or funds, and
to set aside and pay into such fund or funds specified education facility
revenues.

(4) Any pledge of education facility revenues made by a municipality shall
be valid and binding, without physical delivery or additional action, from the
time that the pledge is made against any parties having subsequent claims
of any kind in tort, contract or otherwise against a municipality or an edu-
cational institution, irrespective of whether such parties have actual notice
thereof. The pledge shall be noted in the resolution authorizing issuance of
revenue bonds, which shall be constructive notice thereof to all parties and
the resolution need not be recorded, nor shall the filing of any financing
statement under the Uniform Commercial Code be required to perfect such
pledge.

(5) The municipality may establish the terms under which its revenue
bonds shall be issued and sold.

(6) All revenue bonds issued pursuant to ORS 352.790 to 352.820 shall be
legal securities which may be used by any insured institution or trust com-
pany, as those terms are defined in ORS 706.008, for deposit with the State
Treasurer or a county treasurer or city treasurer as security for deposits in
lieu of a surety bond under any law relating to deposits of public moneys.
The revenue bond shall constitute legal investments for public bodies, trus-
tees and other fiduciaries, banks, savings and loan associations and insur-
ance companies. All revenue bonds shall constitute negotiable instruments
within the meaning of and for all purposes of the law of this state.

SECTION 154. ORS 353.340 is amended to read:

353.340. Oregon Health and Science University may from time to time is-
sue and sell revenue bonds in accordance with [the provisions of the Uniform
Revenue Bond Act contained in ORS 288.805 to 288.945] ORS chapter 287.
However, the provisions contained in [ORS 288.815 shall] section 47 (3) to
(5) of this 2007 Act do not apply to revenue bonds issued by the university.
Such revenue bonds shall not in any manner nor to any extent be a general
obligation of the university nor a charge upon any revenues or property of
the university not specifically pledged thereto. No obligation of any kind
[incurred under ORS 288.805 to 288.945] described in this section shall be,
or be considered, an indebtedness of the State of Oregon.

SECTION 155. ORS 353.350 is amended to read:
353.350. Revenue bonds issued by the Oregon Health and Science Uni-
versity [pursuant to ORS 288.805 to 288.945] in accordance with ORS chapter
287 shall be considered to be bonds or obligations of a political subdivision
of the State of Oregon for the purposes of all laws of the state.

SECTION 156. ORS 353.360 is amended to read:
353.360. Refunding bonds [and advance refunding bonds] of the same
character and tenor as those replaced thereby may be issued by the Oregon
Health and Science University pursuant to [ORS 288.592 to 288.695 as appli-
cable and in accordance with the laws of the state] sections 55 to 60 of this
2007 Act.

SECTION 157. ORS 354.685 is amended to read:
354.685. When authorized by its electors, a district board may finance the
acquisition, purchase, lease, operation or maintenance of the district by any
of the following methods:
(1) Imposition of a service charge upon property within the district for
use of the translator signals as provided in ORS 354.690. A district created
before May 7, 1979, shall be considered to have received elector authorization
for imposition of the service charge.
(2) Issuance of revenue bonds. The revenue bonds shall be issued [in the
same manner and form as are general obligation bonds under ORS 287.014 to
287.022 but they] as prescribed in ORS chapter 287. The revenue bonds
shall be payable both as to principal and interest from revenues only. The
revenue bonds shall not be subject to the percentage limitation applicable
to general obligation bonds and shall not be a lien on any of the taxable
property within the limits of the district and shall be payable solely from
such part of revenues of the district as remains after the payment of obli-
gations having a priority and of all expenses of operation and maintenance
of the district. All revenue bonds shall contain a provision that both the
principal and interest are payable solely from the operating revenues of the
district remaining after paying such obligations and expenses.

**SECTION 158.** ORS 358.380 is amended to read:

358.380. The provisions of [general law, including issuance procedures, re-
ating to bond issues of cities shall] ORS chapter 287 apply to bonds issued
under ORS 358.375.

**SECTION 159.** ORS 358.395 and 358.400 are repealed.

**SECTION 160.** ORS 367.010 is amended to read:

367.010. As used in this chapter:

(1) “Agency” means any department, agency or commission of the State
of Oregon.

(2) “Bond” means an evidence of indebtedness including, but not limited
to, a bond, a note, an obligation, a loan agreement, a financing lease, a fi-
nancing agreement or other similar instrument or agreement.

(3) “Bond debt service” means payment of:

(a) Principal, interest, premium, if any, or purchase price of a bond;

(b) Amounts due to a credit enhancement provider authorized by this
chapter;

(c) Amounts necessary to fund bond debt service reserves; and

(d) Amounts due under an agreement for exchange of interest rates if
designated by the State Treasurer or the Department of Transportation.

(4) “Credit enhancement” means a [letter of credit, line of credit, bond in-
surance policy, standby purchase agreement, surety bond or other device or
facility used to enhance the creditworthiness, liquidity or marketability of a
bond] credit enhancement device, as defined in section 2 of this 2007
Act.

(5) “Financial institution” means a banking institution, a financial insti-
tution or a non-Oregon institution, as those terms are defined in ORS
706.008, and any other institution defined by rule of the Oregon Transporta-
tion Commission as a financial institution for purposes of ORS 367.010 to
“Infrastructure assistance” means any use of moneys in the Oregon Transportation Infrastructure Fund, other than an infrastructure loan, to provide financial assistance for transportation projects. The term includes, but is not limited to, use of moneys in the infrastructure fund to finance leases, fund reserves, make grants, pay issuance costs or provide credit enhancement or other security for bonds issued by a public entity to finance transportation projects.

“Infrastructure bonds” means bonds authorized by ORS 367.030, 367.555 to 367.600 or 367.605 to 367.670 that are issued to fund infrastructure loans and the proceeds of which are deposited in the infrastructure fund.

“Infrastructure fund” means the Oregon Transportation Infrastructure Fund.

“Infrastructure loan” means a loan of moneys in the infrastructure fund to finance a transportation project.

“Municipality” means a city, county, road district, school district, special district, metropolitan service district, the Port of Portland or an intergovernmental entity organized under ORS 190.010.

“Transportation project” means any project or undertaking that facilitates any mode of transportation within this state. The term includes, but is not limited to, a project for highway, transit, rail and aviation capital infrastructure, bicycle and pedestrian paths, bridges and ways, and other projects that facilitate the transportation of materials, animals or people.

**SECTION 161.** ORS 367.015 is amended to read:

367.015. (1) There is established in the State Treasury, separate and distinct from the General Fund, the Oregon Transportation Infrastructure Fund. All moneys in the infrastructure fund are continuously appropriated to the Department of Transportation for the purposes of ORS 367.010 to 367.067.

(2) The infrastructure fund consists of:

(a) Moneys appropriated to the infrastructure fund by the Legislative Assembly.
(b) Moneys transferred to the infrastructure fund by the department from the State Highway Fund or from other funds available to the Oregon Transportation Commission.

(c) Moneys from any federal grant, state grant or other grant that are deposited in the infrastructure fund.

(d) Proceeds of infrastructure bonds.

(e) Proceeds of Highway User Tax Bonds issued under ORS 367.615 and 367.670 for the purpose of providing infrastructure assistance or an infrastructure loan.

(f) Moneys due to a municipality that are withheld pursuant to ORS 367.035 (3) or (5) and, for a loan made with proceeds of Highway User Tax Bonds, moneys due to a municipality that are withheld pursuant to ORS 367.655 (2)(c).

(g) Earnings on the infrastructure fund.

(h) Moneys paid to the department in connection with infrastructure loans or infrastructure assistance.

(i) Any grants or donations made to the State of Oregon for deposit in the infrastructure fund.

(3) A pledge by the department of its revenues or other moneys in the infrastructure fund is valid and binding from the time the pledge is made as provided in [ORS 288.594] ORS chapter 286.

(4) The department shall use moneys in the infrastructure fund solely to:

(a) Provide infrastructure loans and infrastructure assistance;

(b) Pay the bond debt service for infrastructure bonds and pay the costs of issuance and other costs related to infrastructure bonds;

(c) Pay the department’s costs of administering the infrastructure fund and providing infrastructure loans and infrastructure assistance, including any costs of monitoring transportation projects and obtaining repayment of infrastructure loans and infrastructure assistance;

(d) Pay the department’s or another public entity’s costs for transportation projects including, but not limited to, projects funded with the proceeds
of Highway User Tax Bonds; and

(e) Ensure repayment of loan guarantees or extensions of credit as provided in ORS 367.816.

(5) The department may establish separate accounts in the infrastructure fund for infrastructure loans, infrastructure assistance, the funding of infrastructure bond reserves, bond debt service payments for infrastructure bonds and related costs, administrative and operating expenses or any other purpose necessary or desirable for carrying out the purposes of ORS 367.010 to 367.067. The commission may adopt rules that govern how the infrastructure fund and its accounts are used. The infrastructure fund or any of its accounts may be held by an escrow agent or bond trustee.

(6) The department shall administer the infrastructure fund. Moneys in the infrastructure fund, with the approval of the State Treasurer, may be invested as provided by ORS 293.701 to 293.820 and the earnings from such investments must be credited to the account in the infrastructure fund designated by the department.

SECTION 162. ORS 367.025 is amended to read:

367.025. (1) If the Department of Transportation determines that it is necessary or desirable to issue infrastructure bonds to provide moneys for the Oregon Transportation Infrastructure Fund, the department shall ask the State Treasurer to issue infrastructure bonds.

(2) When the department asks the State Treasurer to issue infrastructure bonds, if the State Treasurer determines that infrastructure bonds shall be issued:

(a) The State Treasurer may authorize and issue infrastructure bonds to provide moneys for the infrastructure fund.

(b) The State Treasurer may enter into agreements with bond underwriters, trustees, financial advisers and other persons to carry out ORS 367.010 to 367.067. The department or the State Treasurer may appoint bond counsel as authorized [by ORS 288.523, or the State Treasurer may enter into an agreement with bond counsel if the services provided under the agreement]
comply with the provisions of ORS 288.523 and the appointment is approved by the Attorney General as required by ORS 288.523. The department may not appoint bond counsel under this paragraph unless the State Treasurer has reviewed and approved the terms and conditions of the appointment. ORS 279A.140 does not apply to an appointment or agreement described in this paragraph by section 21 of this 2007 Act.

SECTION 163. ORS 367.030 is amended to read:

367.030. (1) To provide moneys for the Oregon Transportation Infrastructure Fund or to refund bonds authorized by this section, the State Treasurer may, in cooperation with the Department of Transportation, issue revenue bonds of the State of Oregon that are payable solely from all or any portion of the moneys deposited in the infrastructure fund and may pledge such moneys to secure the revenue bonds. The department or State Treasurer may exercise any power granted [to a municipality or public body by the Uniform Revenue Bond Act] by ORS chapter 286 in connection with bonds authorized by this section. However, the State Treasurer or the department shall not pledge or encumber any moneys of the State of Oregon other than those required by ORS 367.010 to 367.067 to be deposited in the infrastructure fund.

(2) The department may enter into covenants for the benefit of the owners of bonds authorized by this section regarding the use of moneys in the infrastructure fund, the providing of infrastructure assistance and the collection of infrastructure loans. Any such covenants shall be binding upon the State of Oregon in accordance with their terms and shall be enforceable against the State of Oregon by owners of the bonds. However, no owner of bonds authorized by this section shall ever have the right to compel any exercise of the taxing power of the state to pay any such bonds or the interest thereon, or to enforce payment thereof against any property of the state, except those moneys in the infrastructure fund that are pledged to pay the bonds and any moneys the department or an agency may agree to use to repay infrastructure loans under ORS 367.040. Bonds authorized by this sec-
tion shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the state, except moneys in the infrastructure fund that are pledged to pay the bonds, and any property that the department or agency pledges, mortgages or assigns to secure infrastructure loans pursuant to ORS 367.040. Revenue bonds authorized by this section shall not constitute a debt of the state or a lending of the credit of the state within the meaning of any constitutional or statutory limitation.

(3) The total principal amount of revenue bonds that are issued under this section and outstanding at any time shall not exceed $200 million.

SECTION 164. ORS 367.105 is amended to read:
367.105. (1) In addition to the authority for short-term borrowing granted in [ORS 288.165] section 12 of this 2007 Act, the Department of Transportation, acting through the State Treasurer, may borrow money by entering into a credit agreement, a line of credit or a revolving line of credit, or by issuing a note, a warrant, a short-term promissory note, commercial paper or another similar obligation, for the following purposes:
(a) Providing matching funds as set forth in ORS 366.564.
(b) Providing funds with which to pay when due the principal or interest of bonded indebtedness created for highway purposes, the payment of which is necessary to preserve the financial credit of the state.
(c) Meeting emergencies.
(d) Providing funds for use by the department during times when expenditures exceed revenues, whether or not the department anticipated that expenditures would exceed revenues.
(e) Providing funds for the payment of current expenses in anticipation of revenue, grants or other moneys intended for payment of the current expenses.
(f) Providing funds for interim financing of a capital asset or project to be undertaken by the department.
(g) Refunding an outstanding obligation.
(2) Short-term borrowing under this section may be in such denominations
or for such sums as the department fixes and may draw interest at a negotiated rate.

(3) The total outstanding indebtedness created by the short-term borrowing under this section may not exceed $100 million in outstanding principal amount.

(4) All short-term borrowing issued pursuant to this section shall mature within three years from the date of issuance.

(5) The department shall pay for and secure short-term borrowing under this section with funds from the State Highway Fund or other funds that are legally available to the department for the purposes for which the moneys were borrowed, including moneys received by the department from the United States government.

SECTION 165. ORS 367.166 is amended to read:

367.166. (1) A grant anticipation revenue bond issued under ORS 367.161 to 367.181:

(a) Must contain on its face a statement that the ad valorem taxing power of this state or any political subdivision of this state is not pledged to the payment of the principal or the interest on the revenue bond.

(b) May be sold at public competitive bid or at private negotiated sale.

(c) May be sold at the price or prices established by the State Treasurer, upon the advice of the Department of Transportation.

(d) Must mature on or before a date determined by calculation of the expected economic life of the improvements, assets and projects financed with the proceeds of the revenue bonds.

(2) The State Treasurer shall determine, upon the advice of the department and consistent with ORS [288.805 to 288.945] chapter 286, all aspects relating to the sale of revenue bonds under ORS 367.161 to 367.181 that are not otherwise specifically provided, including rate of interest and discount, if any.

SECTION 166. ORS 367.555 is amended to read:

367.555. In addition to the authority now vested by any other provision
of law, the Department of Transportation may issue general obligation bonds
of the State of Oregon used to provide funds to defray the costs of building
and maintaining permanent roads, including the costs of location, relocation,
improvement, construction and reconstruction of state highways and bridges,
in an outstanding principal amount that is subject to the provisions of [ORS
286.505 to 286.545] section 10 of this 2007 Act.

SECTION 167. ORS 367.565 is amended to read:
367.565. The Department of Transportation shall issue general obligation
bonds under ORS 367.555 to 367.600 in accordance with ORS [286.031 to
286.066] chapter 286.

SECTION 168. ORS 367.620 is amended to read:
367.620. (1) The principal amount of Highway User Tax Bonds issued un-
der ORS 367.615 shall be subject to the provisions of [ORS 286.505 to
286.545] section 10 of this 2007 Act.

(2) Highway User Tax Bonds may be issued under ORS 367.615 for the
purposes described in ORS 367.622 in an aggregate principal amount suffi-
cient to produce net proceeds of not more than $500 million.

(3)(a) Highway User Tax Bonds may be issued under ORS 367.615 for
bridge purposes described in section 10 (1), chapter 618, Oregon Laws 2003,
in an aggregate principal amount sufficient to produce net proceeds of not
more than $1.6 billion.

(b) Highway User Tax Bonds may be issued under ORS 367.615 for mod-
ernization purposes described in sections 10 (2) and 11, chapter 618, Oregon
 Laws 2003, in an aggregate principal amount sufficient to produce net pro-
ceeds of not more than $300 million.

(c) The Department of Transportation may designate the extent to which
a series of bonds authorized under this subsection is secured and payable on
a parity of lien or on a subordinate basis to existing or future Highway User
Tax Bonds.

SECTION 169. ORS 367.635 is amended to read:
367.635. (1) A bond issued under ORS 367.615:
(a) Must contain on its face a statement that the ad valorem taxing power of this state or any political subdivision of this state is not pledged to the payment of the principal or the interest on the bond.

(b) May be sold at public competitive bid or at private negotiated sale.

(c) May be sold at the price or prices established by the State Treasurer, upon the advice of the Department of Transportation.

(d) Must mature on or before a date determined by calculation of the expected economic life of the improvements, assets and projects financed with the proceeds of the bonds. Subject to this paragraph, the time bonds mature may be as established by indenture under ORS 367.640.

(2) The State Treasurer shall determine, upon the advice of the department and consistent with ORS [288.805 to 288.945] chapter 286, all aspects relating to the sale of bonds under ORS 367.615 that are not otherwise specifically provided, including rate of interest and discount, if any.

SECTION 170. ORS 367.670 is amended to read:

367.670. Outstanding bonds issued under ORS 367.615 may be refunded by the issuance of refunding or advance refunding bonds. Refunding and advance refunding bonds issued under this section are subject to the provisions relating to bonds issued under ORS 367.615 and are subject to and shall be issued in accordance with the provisions of ORS [286.051 and 288.605 to 288.695] chapter 286.

SECTION 171. ORS 367.715 is amended to read:

367.715. All bonds issued under ORS 367.700 to 367.750 must be issued in accordance with ORS [286.031 to 286.066] chapter 286.

SECTION 172. ORS 367.812 is amended to read:

367.812. (1) In addition to any authority the Department of Transportation has to issue and sell bonds and other similar obligations, this section establishes continuing authority for the issuance and sale of bonds and other similar obligations in a manner consistent with this section. To finance any transportation project in whole or in part, the department may request that the State Treasurer issue revenue bonds on behalf of the department. Rev-
Revenue bonds authorized under this section shall be issued in accordance with the applicable provisions of ORS [chapters 286 and 288] chapter 286. The bonds shall be secured by a pledge of, and a lien on, and shall be payoffable only from moneys in the State Transportation Enterprise Fund established by ORS 367.810 and any other revenues specifically pledged to repayment of the bonds. Such a pledge by the department of its revenues creates a lien that is valid and binding from the time the pledge is made as provided in [ORS 288.594] section 19 of this 2007 Act. Revenue bonds issued pursuant to this section are not general obligations of the state and are not secured by or payable from any funds or assets of the state other than the moneys and revenues specifically pledged to the repayment of such revenue bonds.

(2) Moneys received from the issuance of revenue bonds or other debt obligations, including any investment earnings thereon, may be expended:

(a) For the purpose of financing the costs of the transportation project for which the bonds are issued;

(b) To pay the costs and other administrative expenses of the bonds;

(c) To pay the costs of credit enhancement or to fund any reserves determined to be necessary or advantageous in connection with the revenue bonds; and

(d) To reimburse the department for any costs related to carrying out the purposes of the program established under ORS 367.804.

(3) Any transportation project may be financed in whole or in part with:

(a) The proceeds of grant anticipation revenue bonds authorized by 23 U.S.C. 122 and applicable state law.

(b) Grants, loans, loan guarantees, lines of credit, revolving lines of credit or other financing arrangements available pursuant to the Transportation Infrastructure Finance and Innovation Act under 23 U.S.C. 181 et seq., or any other applicable federal law.

(c) Infrastructure loans or assistance from the Oregon Transportation Infrastructure Fund established by ORS 367.015.

(4) As security for the payment of financing described in subsection (3)
of this section, the revenues from the project may be pledged, but no such
pledge of revenues constitutes in any manner or to any extent a general ob-
ligation of the state. Any financing described in subsection (3) of this section
may be structured on a senior, parity or subordinate basis to any other fi-
nancing.

SECTION 173. ORS 370.140 is amended to read:

370.140. [(J)] After having entered the order as provided in ORS 370.130,
the county court shall cause the bonds to be issued as prescribed in ORS
chapter 287. [in denominations of $50 or multiples thereof, up to $1,000, ad-
vertise such amount of them for sale as in its judgment is necessary and
thereafter from time to time make such additional sale of bonds so issued as
is necessary.]

[(2) Bond sales shall be made through bids received upon such advertise-
ment as the county court deems necessary to afford the best means of procuring
the highest prices for the bonds.]

[(3) All bids shall be in writing and publicly opened at a time and place
specified in the advertisement.]

[(4) Whatever other means of advertising the sale of bonds the county court
may adopt, it shall advertise the sale for at least three weeks in two newspa-
pers printed in the county, if there are that many, and if there is but one such
newspaper, then in it.]

[(5) The bonds shall be sold to the highest bidder, but preference shall be
given to the citizens of the county.]

[(6) If the county court is not satisfied with the bids, it may reject any or
all of them.]

[(7) The county court shall determine the interest rate.]

SECTION 174. ORS 370.160 is amended to read:

370.160. In its discretion, the county court further may issue either term
bonds or the serial bonds mentioned in ORS 370.150 with the option of re-
deeming them on and after certain interest-paying dates specified by the
county court in the bonds. [Notice of redemption shall be given in the manner
specified in the bonds, as provided in ORS 288.520. Newspaper publication of
notice of redemption is not required for bonds that are in registered form.
These callable bonds either may be called and paid pursuant to the optional
redemption privilege or may be called and refunded pursuant to ORS 287.202
to 287.220.]

SECTION 175. ORS 383.023 is amended to read:

383.023. (1) In accordance with the applicable provisions of ORS [286.010,
286.020, 286.105 to 286.135 and ORS chapter 288] chapter 286, the State
Treasurer, at the request of the Department of Transportation, may issue
revenue bonds for the purpose of financing a tollway project, provided that
such bonds shall never constitute a debt or general obligation of the de-
partment or of this state or any of its political subdivisions, but shall be
payable solely from the revenues, amounts, funds and accounts described in
ORS 383.009 (3).

(2) The proceeds of revenue bonds issued under this section may be used
by the department or loaned to a private entity or a unit of government for
the purpose of financing any portion of the capital costs related to the con-
struction of a tollway project, including costs of the acquisition of interests
in land upon which the tollway project will be constructed, to provide a fi-
ancial reserve required under any federal funding agreement and for the
payment of the costs of issuing the bonds and funding bond reserves.

(3) The bonds authorized by this section may be issued by the department
as taxable bonds or as tax-exempt bonds under the income tax laws of the
United States.

(4) Notwithstanding the status of the bonds for federal income tax pur-
poses, interest paid to the owners of the bonds shall be exempt from personal
income taxes imposed by this state.

(5) When issuing bonds authorized by this section, the department and the
State Treasurer may make covenants with bondholders regarding the impos-
tion and regulation of tolls, the making of loans and grants funded from
the State Tollway Account, the use of amounts required to be deposited in
the State Tollway Account and the issuance of additional bonds.

SECTION 176. ORS 383.027 is amended to read:

383.027. (1) [In accordance with the provisions of ORS 288.805 to 288.945, a municipality, as defined in ORS 288.805,] A public body, as defined in section 43 of this 2007 Act, but not including a people’s utility district organized under ORS chapter 261, may issue revenue bonds for the purpose of financing a tollway project.

(2) A nonprofit corporation organized under Oregon law may issue revenue bonds for the purpose of financing a tollway project.

(3) Revenue bonds authorized by this section shall be issued as prescribed in ORS chapter 287.

SECTION 177. ORS 390.063 is amended to read:

390.063. The Legislative Assembly declares that the purpose of ORS 390.060 to 390.067 is to authorize lottery bonds for state park projects. The lottery bonds authorized by ORS 390.060 to 390.067 shall be issued pursuant to ORS 286.560 to 286.580 [and 348.716]. The obligation of the State of Oregon with respect to the bonds and with respect to any grant agreement or other commitment authorized by ORS 267.334, 285B.410, 285B.422, 285B.482, 285B.530 to 285B.548 and 390.060 to 390.067 shall at all times be restricted to the availability of unobligated net lottery proceeds, proceeds of lottery bonds and any other amounts specifically committed by ORS 286.560 to 286.580 [and 348.716]. Neither the faith and credit of the State of Oregon nor any of its taxing power shall be pledged or committed to the payment of lottery bonds or any other commitment of the State of Oregon authorized by ORS 390.060 to 390.067.

SECTION 178. ORS 391.140 is amended to read:

391.140. (1) In accordance with [any applicable provisions of ORS 286.010, 286.020, 286.105 to 286.135 and ORS chapter 288] ORS chapter 286, the State Treasurer, at the request of the Director of Transportation, shall issue revenue bonds from time to time in an aggregate amount not to exceed:

(a) The principal sum of $115 million;
(b) The costs incurred in connection with the issuance of the bonds and other administrative expenses of the State Treasurer in connection with the issuance of the bonds; and

(c) The amount of any reserves determined to be necessary or advantageous in connection with the revenue bonds.

(2) The Director of Transportation shall submit to the State Treasurer from time to time written requests to issue the revenue bonds in amounts sufficient to provide in a timely fashion the moneys required to fund the obligations of the Department of Transportation under any written agreements or commitments entered into under ORS 391.120 (2) for the purpose of financing the state share of the costs of the Westside corridor light rail project identified in ORS 391.120 (2)(a).

(3) Moneys received from the issuance of revenue bonds, including any investment earnings thereon, may be expended only for the purpose of financing the costs of development, acquisition and construction of the Westside corridor light rail project identified in ORS 391.120 (2)(a), and to pay the costs of issuing the bonds and other administrative expenses of the State Treasurer in carrying out the provisions of ORS 391.120 and this section, including the funding of any reserves determined to be necessary or advantageous in connection with the revenue bonds.

(4) Notwithstanding [ORS 288.825] sections 9 and 18 to 20 of this 2007 Act or any other provision of law, revenue bonds issued under this section, regardless of whether issued in one or more issues, shall be secured equally and ratably by the pledge of moneys described in this subsection and ORS 391.130. The bonds shall be secured by a pledge of, and a lien on, and shall be secured and payable only from, moneys on deposit from time to time in the Regional Light Rail Extension Construction Fund established by ORS 391.120. The revenue bonds shall not be a general obligation of this state, and shall not be secured by or payable from any funds or assets of this state other than the moneys on deposit from time to time in the Regional Light Rail Extension Construction Fund.
(5) The moneys in the Regional Light Rail Extension Bond Account shall be used and applied by the Director of Transportation to pay when due the principal of and interest on any revenue bonds issued under this section.

(6) The interest on all revenue bonds issued under this section and on any refunding and advance refunding bonds [issued under ORS 286.051] is exempt from personal income taxation imposed by this state under ORS chapter 316.

(7) The proceeds derived from the issuance and sale of the revenue bonds, including any proceeds required to fund any reserves determined to be necessary or advantageous in connection with the revenue bonds, shall be deposited in a special, segregated subaccount of the Regional Light Rail Extension Construction Fund. The moneys on deposit from time to time in the subaccount, including any investment earnings thereon, shall be disbursed as needed for the purposes described in subsection (3) of this section upon the written request of the Director of Transportation.

SECTION 179. ORS 401.844 is amended to read:

401.844. (1) For the purpose of carrying into effect the powers granted by ORS 401.818 to 401.857, as well as refunding outstanding obligations, a 9-1-1 communications district, when authorized by a majority of the votes cast at an election by electors of the district, may borrow money and sell and dispose of general obligation bonds.

(2) The general obligations outstanding at any one time shall never exceed in aggregate principal amount one percent of the real market value of all taxable property within the district computed in accordance with ORS 308.207.

(3) The bonds shall mature serially not more than 30 years from the issue date and shall be issued [and sold in the manner] as prescribed in ORS [287.014 to 287.028] chapter 287.

SECTION 180. ORS 407.415 is amended to read:

407.415. In order to provide funds for the purposes specified in Article XI-A of the Oregon Constitution, bonds may be issued in accordance with the provisions of ORS [286.031 to 286.061] chapter 286. Bonds issued under this
section may be issued on a federally tax exempt or taxable basis. Bonds issued on a federally tax exempt basis may be issued under any applicable provisions of the Internal Revenue Code as may be determined by the Department of Veterans’ Affairs. The department shall enter into such covenants and agreements with bondholders as may be necessary or appropriate to maintain the federally tax exempt status of interest on bonds issued on a federally tax exempt basis.

SECTION 181. ORS 407.425 is amended to read:

407.425. [In issuing bonds under ORS 407.415, the State Treasurer may structure an issue of bonds with regard to amounts, maturity dates, interest rates and such other terms and conditions of the bonds.] The Department of Veterans’ Affairs shall request the State Treasurer to issue bonds on behalf of the department whenever the department determines that bonds are to be issued under ORS 407.415. In order to meet the specific requirements of a selected group of applicants for loans under this chapter and before asking the State Treasurer to structure an issue of bonds under this authority, the Department of Veterans’ Affairs may consider factors including, but not limited to, the number of applications and loans on hand, the amount of debt that will be financed or refinanced by the issue, directly or indirectly, the solvency of the program as a whole, the current value of money, the condition of the tax exempt and taxable bond markets and the effect of the issue on all veterans.

SECTION 182. ORS 440.390 is amended to read:

440.390. All general obligation bonds issued under ORS 440.375 shall be [advertised and sold as provided in ORS 287.014 to 287.022 for the sale of city bonds] issued as prescribed in ORS chapter 287.

SECTION 183. ORS 450.640 is amended to read:

450.640. (1) Except as otherwise provided in this section, a joint water and sanitary authority possesses all the duties, functions and powers granted to water authorities and to sanitary authorities under ORS 450.600 to 450.989.

(2) [Notwithstanding ORS 450.895, a joint water and sanitary authority is
a municipality for the purposes of ORS 288.805 to 288.945, and] Revenue bonds
issued by a joint water and sanitary authority shall be issued [in accordance
with ORS 288.805 to 288.945] as prescribed in ORS chapter 287.

SECTION 184. ORS 450.690 is amended to read:
450.690. A water authority is a [municipality] public body for the pur-
poses of ORS [288.805 to 288.945] chapter 287, and revenue bonds issued by
a water authority shall be issued in accordance with ORS [288.805 to
288.945] chapter 287.

SECTION 185. ORS 450.915 is amended to read:
450.915. [(1) If, at the bond election, a majority of the votes cast is in
favor of the issuance of bonds, the board may issue [and sell the bonds as
provided in this section] the bonds as prescribed in ORS chapter 287.

[(2) The bonds shall be in such denominations of $500 or $1,000, or multi-
plies thereof, as the board determines.]

[(3) All bonds shall be payable in lawful money of the United States at the
office of the county treasurer of the county in which the authority, or the
largest area thereof, is situated.]

[(4) If the bonds are revenue bonds, the bonds shall contain a statement that
such bonds are payable solely out of designated revenues of the authority and
are not general obligations of the authority or a charge upon the tax revenues
of the authority.]

[(5) The bonds shall be signed by the chairperson of the board and
countersigned by the manager of the authority. However, the printed or
lithographed facsimile signatures of the chairperson and manager may be af-
fixed to coupons, if any, on the bonds.]

[(6) All legally authorized and issued general obligation bonds or revenue
bonds shall be advertised and sold in the manner prescribed in ORS 287.014
to 287.022.]

SECTION 186. ORS 450.925 is amended to read:
450.925. (1) The board may, without authorization from the electors, issue
refunding bonds for the purpose of refunding outstanding bonds issued under
ORS 450.895 to 450.920.

(2) The provisions of [ORS 450.915 (2) to (6)] sections 55 to 60 of this 2007 Act are applicable to refunding bonds issued and sold under this sec-
tion.

(3) The refunding bonds may be issued to refund bonds originally issued
or to refund bonds previously issued for refunding purposes and for no other
purpose.

SECTION 187. ORS 450.935 is repealed.

SECTION 188. ORS 451.545 is amended to read:

451.545. (1) The district may, when authorized by a majority of the votes
cast at an election by electors of the district, issue general obligation bonds
for the purpose of paying the cost of acquisition or construction of service
facilities. Each issue of general obligation bonds shall be the general obli-
gation of the district and the principal and interest on the bonds shall be
paid by the district by assessments, charges, or ad valorem taxes imposed or
levied within the district as may be determined by the governing body of the
district under ORS 451.490. Bonds authorized by this section shall be issued
in accordance with ORS [287.052 to 287.074] chapter 287, except as otherwise
provided in this section.

(2) In addition to the authority to issue general obligation bonds, the
district, when authorized at any properly called election, shall have the
power to sell and dispose of revenue bonds, and to pledge as security for the
bonds all or any part of the unobligated net revenue of the district to pur-
chase, acquire, lay out, construct, reconstruct, extend, enlarge or improve
service facilities. The revenue bonds shall be issued [in the same manner and
form as are general obligation bonds of the district] as prescribed in ORS
chapter 287, but they are payable, both as to principal and interest from
revenues only, as specified by this section. The revenue bonds are not subject
to the percentage limitation applicable to general obligation bonds and are
not a lien upon any of the taxable property within the boundaries of such
district, but are payable solely from such part of the revenues of the district
as remain after payment of obligations having a priority and of all expenses
of operation and maintenance of the district. All revenue bonds shall contain
a clause reciting that both the principal and interest are payable solely from
operating revenues of the district remaining after paying such obligations
and expenses.

(3) The district’s total outstanding bonds of all kinds, including improve-
ment bonds of the kind authorized by ORS 223.205 and 223.210 to 223.295,
shall at no time exceed in the aggregate 13 percent of the real market value
of all property by law assessable for state and county purposes within the
district as reflected in the last roll certified under ORS 311.105.

SECTION 189. ORS 456.185 is amended to read:

456.185. [(1)] Bonds of an authority shall be authorized by its resolution
adopted by a vote of a majority of the commissioners, and [may] shall be
issued [in one or more series] as prescribed in ORS chapter 287.

[(2) The bonds shall bear such dates, mature at such times, bear interest
at such rates, be in such denominations, be in such form, either coupon or
registered, carry such conversion or registration privileges, have such rank or
priority, be executed in such manner, be payable in such medium of payments,
at such places, and be subject to such terms of redemption, with or without
premium, as such resolution, its trust indenture or mortgage may provide.
Bonds of an authority may be issued in zero coupon form or subject to federal
taxation of interest thereon if the resolution authorizing issuance so
provides.]

[(3) The bonds may be sold at public sale held after notice published once
at least five days prior to such sale in a newspaper having a general circu-
lation in the area of operation and in a financial newspaper published in San
Francisco, California, or in New York, New York. However, at the discretion
of an authority, if the resolution authorizing issuance so provides, the bonds
may be sold on a negotiated basis or at private sale without any public ad-
vertisement.]

SECTION 190. ORS 456.190 is amended to read:
456.190. [(1) In case any of the commissioners or officers of the housing
authority whose signatures appear on any bonds or coupons cease to be com-
mmissioners or officers before the delivery of such bonds, the signatures shall,
nevertheless, be valid and sufficient for all purposes, the same as if the com-
mmissioners or officers had remained in office until delivery. Any law to the
contrary notwithstanding, bonds issued pursuant to the Housing Authorities
Law are fully negotiable.] [(2) In any suit, action or proceedings involving the validity or
enforceability of any bond of an authority or the security therefor, any
[such] bond reciting in substance that it has been issued by the authority to
aid in financing a housing project to provide housing for persons or families
of lower income is conclusively deemed to have been issued for a housing
project of such character and said project is conclusively deemed to have
been planned, located and constructed in accordance with the Housing Au-
thorities Law.]

SECTION 191. ORS 456.230 is amended to read:
456.230. Bonds of an authority are declared to be issued for an essential
public and governmental purpose and to be public instrumentalities. The
bonds, together with interest thereon and income therefrom, are exempt from
personal income taxes under ORS chapter 316.

SECTION 192. ORS 456.519 is amended to read:
456.519. In order to provide funds for the purposes specified in Article
XI-I(2) of the Oregon Constitution, including those specified in ORS 456.539,
bonds may be issued in accordance with the provisions of ORS [286.031 to
286.061] chapter 286.

SECTION 193. ORS 456.543 is amended to read:
456.543. (1) The Housing and Community Services Department shall
maintain, with the State Treasurer, an Elderly and Disabled Housing Sinking
Fund, separate and distinct from the General Fund. The Elderly and Disa-
bled Housing Sinking Fund shall provide for the payment of the principal
and interest upon bonds issued under authority of Article XI-I(2), Oregon
Constitution, and ORS 456.515 to 456.725. Moneys in the sinking fund are continuously appropriated to the department for such purpose. With the approval of the department, the moneys in the Elderly and Disabled Housing Sinking Fund may be invested as provided by ORS 293.701 to 293.820, and earnings from the investment shall be credited to the Elderly and Disabled Housing Sinking Fund.

(2) The Elderly and Disabled Housing Sinking Fund shall consist of:
   (a) All moneys received from contract or loan proceeds;
   (b) Bond reserves;
   (c) Other funds available for these purposes; and
   (d) If necessary, state ad valorem taxes provided by Article XI-I(2), Oregon Constitution, and by ORS 456.515 to 456.725.

(3) The Elderly and Disabled Housing Sinking Fund shall not be used for any purpose other than that for which the fund was created provided, however, that amounts on deposit in the fund may be applied to the payment of operating and administrative expenses of the department allocable to its elderly and disabled housing program under ORS 456.515 to 456.725, and for transfers under subsections (4) and (5) of this section. Should a balance remain therein after the purposes for which the fund was created have been fulfilled or after a reserve sufficient to meet all existing obligations and liabilities of the fund has been set aside, the surplus remaining may be transferred to the Elderly and Disabled Housing Fund at the direction of the department.

(4) The Director of the Housing and Community Services Department may transfer moneys from the Elderly and Disabled Housing Sinking Fund, with the approval of the State Treasurer, for the purpose of financing multifamily housing for the elderly and the disabled. The State Treasurer shall approve such request if:
   (a) The cash flow projection \textit{required by ORS 286.105} associated with the bonds shows that, for the term of the bonds outstanding at the time the director transfers the moneys, remaining moneys in the sinking fund, to-
getter with expected loan proceeds and fund earnings, will continue to be adequate to pay bond principal, interest and administrative costs; and
(b) The transfer will not create the need for issuance of any bonds.
(5) The director shall deposit loan prepayments in the Elderly and Disabled Housing Fund, and lend such prepayments for the purpose of financing multifamily housing for the elderly and the disabled for a term not exceeding the term of the bonds associated with the loan that was prepaid, if the director determines that such a deposit and loan will not adversely affect the ability of the department to pay outstanding bonds.

SECTION 194. ORS 456.615 is amended to read:
456.615. As used in ORS 456.550 to 456.725, unless the context requires otherwise:
(1) “Bonds” means any bonds, [notes or] as defined in section 2 of this 2007 Act, or any other evidence of indebtedness, [including notes or other evidence of indebtedness issued in anticipation of the issuance of bonds and payable from the proceeds of bonds issued,] issued under ORS 456.515 to 456.725 or issued in anticipation of such bonds and payable from the proceeds of bonds issued.
(2) “Capital reserve account” or “capital reserve accounts” means one or more of the special trust accounts that may be established by the Housing and Community Services Department within the Housing Finance Fund.
(3) “Housing finance bond declaration” means a written instrument signed by the Director of the Housing and Community Services Department and on file with and bearing the certificate of approval of the State Treasurer or the designee of the State Treasurer, and all housing finance bond declarations supplemental thereto.
(4) “Consumer housing cooperative” means a cooperative corporation formed under ORS chapter 62 and whose articles of incorporation provide, in addition to the other requirements of ORS chapter 62, that:
(a) The consumer housing cooperative has been organized exclusively to provide housing facilities for persons and families of lower income and such
social, recreational, commercial and communal facilities as may be incidental to such housing facilities.

(b) All income and earnings of the consumer housing cooperative shall be used exclusively for consumer housing cooperative purposes and that no unreasonable part of the net income or net earnings of the cooperative shall inure to the benefit or profit of any private individual, firm, corporation, partnership or association.

(c) The consumer housing cooperative is in no manner controlled or under the direction of or acting in the substantial interest of any private individual, firm, corporation, partnership or association seeking to derive profit or gain therefrom or seeking to eliminate or minimize losses in any transaction therewith, except that such limitation shall apply to the members of the cooperative only to the extent provided by rules of the department.

(d) The operations of the consumer housing cooperative may be supervised by the department and that the consumer housing cooperative shall enter into such agreements with the department as the department may require to provide regulation by the department of the planning, development and management of any housing project undertaken by the cooperative and the disposition of the property and other interests of the cooperative.

(5) “Development costs” means the costs that have been approved by the department as appropriate expenditures and includes, but is not limited to payments for options to purchase property for the proposed housing project site, deposits on contracts of purchase, payments for the purchase of property as approved by the department, legal, organizational and marketing expenses including payment of attorney fees, managerial and clerical staff salaries, office rent and other incidental expenses, payment of fees for preliminary feasibility studies, advances for planning, engineering and architectural work; expenses for surveys as to need and market analyses; and such other expenses incurred by the qualified housing sponsor as the department may deem necessary under ORS 456.550 to 456.725.

(6) “Elderly” means a person or a family whose head of the household is
58 years of age or older, residing in the state, whose income is below the
level that the department has determined to be necessary in order to obtain
in the open market decent, safe and sanitary housing, including the costs of
utilities and taxes, for 25 percent of the gross income of the household.

(7) “Federally insured security” means an evidence of indebtedness in-
sured or guaranteed as to repayment of principal and interest by the United
States or an agency or instrumentality thereof.

(8) “Housing development” means a development that contains housing
units for persons or families of lower income and such other incidental ele-
ments of residential, commercial, recreational, industrial, communal or edu-
cational facilities as the department determines improve the quality of the
development as it relates to housing for persons or families of lower income
and the financial feasibility of the development. Not more than 50 percent
of the total amount of any financing provided by the department for a par-
ticular development may be used to finance commercial, recreational, indus-
trial, communal or educational facilities. Profits from incidental elements
shall be applied to loans due under ORS 456.550 to 456.725.

(9) “Housing Finance Fund” means the Housing Finance Fund established
in ORS 456.720 (1).

(10) “Lending institution” means any bank, mortgage banking company,
trust company, savings bank, savings and loan association, credit union, na-
tional banking association, federal savings and loan association or federal
credit unit maintaining an office in this state, or any insurance company
authorized to do business in this state.

(11) “Limited dividend housing sponsor” means a corporation, trust,
partnership, association, other entity, or an individual. Such mortgagor shall
be restricted as to distribution of income and shall be regulated as to rents,
charges, rate of return and methods of operation as the department deter-
mines necessary to carry out the purposes of ORS 456.550 to 456.725.

(12) “Lower income families or persons” means the elderly and families
and persons, residing in this state, whose income is below the level that the
department has determined to be necessary in order to obtain in the open market decent, safe and sanitary housing, including the costs of utilities and taxes, for 25 percent of the gross income of such family or person. The term may also include other families or persons where the assistance provided is determined by the director to be incidental to the accomplishment of the department’s programs for lower income families or persons. The department, in cooperation with affected local governments, shall determine what constitutes “decent, safe and sanitary housing.”

(13) “Manufactured housing” means a dwelling unit manufactured off-site having a minimum width of 10 feet and a minimum area of 400 square feet built on a permanent chassis and designed to be used for permanent residential occupancy whether or not on a permanent foundation, and that contains permanent eating, cooking, sleeping and sanitary facilities and meets such standards as the department determines, by rule, are reasonable to maintain the quality, safety and durability of the dwelling, the sanitary requirements of the communities in which they are located and the security of the loans that the department may finance for the purchase of the dwellings.

(14) “Nonprofit housing corporation” means an organization formed under ORS chapter 65 and whose articles of incorporation provide, in addition to the other requirements of ORS chapter 65, that:

(a) The corporation has been organized exclusively to provide housing facilities for persons and families of lower income and such other social, recreational, commercial and communal facilities as may be incidental to such housing facilities.

(b) All the income and earnings of the corporation shall be used exclusively for corporation purposes and that no part of the net income or net earnings of the corporation may inure to the benefit of any private individual, firm, corporation, partnership or association.

(c) The corporation is in no manner controlled or under the direction or acting in the substantial interest of any private individual, firm, partnership
or association seeking to derive profit or gain therefrom or seeking to elim-
inate or minimize losses in transactions therewith.

(d) The operations of the corporation may be supervised by the depart-
ment and that the corporation shall enter into such agreements with the
department as the department may require to regulate the planning, devel-
opment and management of any housing project undertaken by the corpo-
ration and the disposition of the property and other interests of the
corporation.

(15) “Project cost” or “costs of the project” means the sum of all reason-
able expenses incurred by a qualified housing sponsor in undertaking and
completing a housing project approved by the department. “Project costs”
or “costs of the project” include but are not limited to the expenses incurred
by a qualified housing sponsor for:

(a) Studies and surveys;
(b) Plans, specifications, architectural and engineering services;
(c) Legal, organizational and other special services;
(d) Financing, acquisition, demolition, construction, equipment and site
development of new and rehabilitated housing units;
(e) Movement of existing buildings to new sites; the cost of acquisition,
or estimated fair market value, of land and other interests in real estate;
(f) Rehabilitation, reconstruction, repair or remodeling of existing
buildings;
(g) Estimated carrying charges during construction and for a reasonable
period thereafter;
(h) Placement of tenants or occupants and relocation services in con-
nection with the housing project;
(i) Reasonable builder’s or sponsor’s profit and risk allowance; and
(j) Development costs not otherwise included in this subsection.

(16) “Qualified housing sponsor” includes, subject to the approval of the
department, a consumer housing cooperative, a limited dividend housing
sponsor, a nonprofit housing corporation, a for-profit housing sponsor in-
including, but not limited to, an individual operating in compliance with the
criteria adopted by the department under ORS 456.620 (1), a housing au-
thority created by ORS 456.075, an urban renewal agency created by ORS
457.035 and any city or county governing body or agency or department
designated by the governing body.

(17) “Residential housing” means a specific work or improvement within
this state undertaken primarily to provide dwelling accommodations, includ-
ing land development and acquisition, construction or rehabilitation of
buildings and improvements thereto, for residential housing, and such other
nonhousing facilities as may be incidental or appurtenant thereto and as the
department determines improve the quality of the development as it relates
to housing for persons or families of lower income and the financial feasi-
bility of the development. Not more than 50 percent of the total amount of
any financing provided by the department for a particular development may
be used to finance nonhousing facilities. “Residential housing” includes, but
is not limited to, a specific work or improvement within this state under-
taken to provide mobile home or manufactured dwelling parks as defined in
ORS 446.003. As used in this subsection, “land development” includes, but is
not limited to, the improvement of streets and alleys and the construction
of surface drains, sewers, curbing and sidewalks.

(18) “Residential loan” means a loan for the acquisition, construction,
improvement or rehabilitation of residential housing and, if the loan is for
acquisition or construction of residential housing, that is secured by a first
lien on real property located in the state and improved by a newly con-
structed, existing or rehabilitated residential structure for lower income
persons or families, or unimproved if the proceeds of such loan shall be used
for the erection of a residential structure thereon, whether or not such loan
is insured or guaranteed by the United States or any instrumentality or
agency thereof. “Residential loan” includes an insured or guaranteed loan for
the acquisition of manufactured housing or for the acquisition of a lot de-
scribed in ORS 92.840 by a manufactured dwelling park tenant. The insured
or guaranteed loan need not be secured by a first mortgage on real property but shall be secured by a security interest of first priority. “Residential loan” also includes a loan for the purchase of a proprietary lease and related cooperative shares in a housing cooperative formed under ORS chapter 62 secured by a security interest of first priority and a pledge or an assignment of proprietary leases and related cooperative shares.

(19) “Revolving account” means the Housing and Community Services Department Revolving Account created in ORS 456.574.

SECTION 195. ORS 456.645 is amended to read:

456.645. (1) The State Treasurer, at the request of the Housing and Community Services Department, from time to time, may issue and sell bonds in the name of and on behalf of the State of Oregon in compliance with the applicable provisions of ORS 286.010, 286.020, 286.031 to 286.061 and 286.105 to 286.135 chapter 286 in the principal amount the department considers necessary to carry out the purposes of ORS 456.550 to 456.725, or for paying or refunding any bonds previously issued by the department for such purposes.

(2) All bonds shall be special revenue obligations of the State of Oregon, and, unless paid from the proceeds of other bonds, shall be payable as to principal, redemption premium, if any, and interest, solely from the revenues, assets or funds in the Housing Finance Fund as may be pledged therefor, subject to existing agreements with the holders of any bonds, in accordance with any housing finance bond declaration. Bonds may be paid from any source available under ORS 456.515 to 456.725, including but not limited to:

(a) From the income and revenues of the housing project or projects financed with the proceeds from the sale of such bonds or with such proceeds together with other moneys available to the department under ORS 456.550 to 456.725 or other moneys or grants from the federal government in aid of such projects.

(b) From the income and revenues of certain designated housing projects, whether or not financed with the proceeds from the sale of such bonds, if
such housing projects were financed with moneys available to the department
under ORS 456.515 to 456.725.

(c) From funds held in a capital or other reserve account.

(d) From such other funds as deemed adequate in fulfilling the purposes
of ORS 456.515 to 456.725.

(e) From the revenues of the department under ORS 456.515 to 456.725,
generally.

(3) The department shall maintain accounting records and shall prepare
annual financial statements for distribution to existing and potential bond
purchasers.

SECTION 196. ORS 456.650 is amended to read:

456.650. The State Treasurer, in consultation with the Housing and Com-

munity Services Department, may issue refunding bonds, together with other
bonds of the department, for the purpose of refunding outstanding bonds is-

sued under ORS 456.645. The refunding bonds may be sold in the same
manner as other bonds are sold under ORS 456.515 to 456.725. The issuance
of the refunding bonds, the maturity date, and other details thereof shall be
governed by the applicable provisions of ORS [286.010, 286.020, 286.031 to
286.061, 286.105 to 286.135 and] 456.515 to 456.725 and ORS chapter 286 for
the issuance and sale of bonds. The refunding bonds may be issued to refund
bonds originally issued or to refund bonds previously issued for refunding
purposes. Pending the use of moneys obtained from the sale of refunding
bonds for the proper purposes, such moneys may be deposited by the depart-
ment as provided in ORS 456.625 (8).

SECTION 197. ORS 456.661 is amended to read:

456.661. (1) The aggregate principal amount of bonds issued under ORS
456.645 that may be outstanding is $2.5 billion, excluding bonds issued under
and within the limits provided in ORS 456.515 to 456.725 and any [bonds that
have been refunded under ORS 456.650 or advance refunded under ORS
288.605 to 288.690] refunding bonds, as defined in section 2 of this 2007
Act. The amount of $30 million of the total $2.5 billion of bonds authorized

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under this section or proceeds from the sale of the bonds shall be made exclusively available for making or participating in making residential loans for single-family homes in cities with a population of 300,000 or more in the manner specified in ORS 456.593. No more than $10 million of the bonds authorized under this section or proceeds from the sale of the bonds shall be made available for residential loans for home improvements.

(2) For the purpose of determining the aggregate principal amount of bonds issued or outstanding, the value of bonds shall be calculated as follows:

(a) If, upon sale, the initial reoffering price is equal to or more than 98 percent of the maturity value of the bonds, the value of the bonds shall be the maturity value on the date of the calculation.

(b) If, upon sale, the initial reoffering price is an amount less than 98 percent of the maturity value of the bonds, the value of the bonds shall be the price on any date of the calculation that would result in a yield-to-maturity equal to the yield-to-maturity at the time the bonds were sold by the state.

(3) For the purposes of the limitation contained in subsection (1) of this section, the aggregate principal amount of bonds outstanding shall be determined for any date of calculation by subtracting the aggregate value of bonds that would have matured or would have been redeemed through mandatory sinking fund payments from the aggregate value of bonds issued.

(4) Section 16 of this 2007 Act applies for purposes of determining limitations under this section.

[(4)] (5) The Legislative Assembly finds that:

(a) Pursuant to ORS 456.515 to 456.725, the Housing and Community Services Department has served as the sole department or instrumentality of the state authorized to coordinate and establish statewide priorities for housing programs and to provide planning and technical assistance to sponsors of housing for persons and families of lower income throughout the state.

(b) The department’s activities have been instrumental in alleviating the
serious shortage of decent, safe and sanitary housing for lower income persons.

(c) Continuation of the department’s programs for financing owner-occupied residential housing to the fullest extent practicable under the Internal Revenue Code is a matter of paramount concern to the state.

[5] (6) The department shall designate areas of chronic economic distress within the state for the purpose of issuing qualified mortgage bonds as described in section 143 of the Internal Revenue Code.

SECTION 198. ORS 456.670 is amended to read:

456.670. Bonds issued by the State Treasurer shall mature at the time or times not exceeding 47 years from the date of issue as shall be stated in the housing finance bond declaration. [Notwithstanding ORS 286.056 and 286.058, bonds issued by the State Treasurer may be sold at private or public sale at such price or prices as the State Treasurer, upon the advice of the Housing and Community Services Department, may prescribe.] Notwithstanding the provisions of any other law, the rates of interest payable and discount, if any, with respect to bonds issued under ORS 456.550 to 456.725 shall be determined by the State Treasurer, upon the advice of the department. The bonds shall be executed [by the Governor, the Secretary of State and the State Treasurer] in the manner set forth in ORS [286.031 to 286.061] chapter 286.

SECTION 199. ORS 458.720 is amended to read:

458.720. (1) Pursuant to ORS 286.560 to 286.580 [and 348.716], lottery bonds may be issued to make grants or loans to Oregon municipalities, businesses and individuals to encourage real estate developments that promote downtown and community center areas, provide affordable housing and other infill developments, and fund projects that promote business opportunities in Oregon’s distressed areas and rural communities.

(2) The use of lottery bond proceeds is authorized based on the following findings:

(a) The grants and loans made will be used to fund projects that assist
Oregon communities in managing growth, thereby attracting industry and workers and improving Oregon’s labor market; and

(b) The projects will bring jobs and economic diversity to Oregon’s distressed areas and rural communities.

(3) The aggregate principal amount of lottery bonds issued pursuant to this section may not exceed the sum of $25 million and an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs. Lottery bonds issued pursuant to this section shall be issued only at the request of the Director of the Housing and Community Services Department.

(4) The net proceeds of lottery bonds issued pursuant to this section shall be deposited in the Community Development Incentive Project Fund, which is hereby established in the State Treasury separate and distinct from the General Fund.

(5) The proceeds of lottery bonds issued pursuant to this section shall be used only for the purposes set forth in subsection (1) of this section and for bond-related costs.

(6) Interest earned by the Community Development Incentive Project Fund shall be credited to the fund or to the Housing Development and Guarantee Account, as determined by the director. In addition to any other moneys specifically designated by law, the fund shall consist of any amounts appropriated by the Legislative Assembly and any gifts, grants or donations.

SECTION 200. ORS 468.195 is amended to read:

468.195. In order to provide funds for the purposes specified in Article XI-H of the Oregon Constitution, bonds may be issued in accordance with the provisions of ORS [286.031 to 286.061] chapter 286. The principal amount of the bonds outstanding at any one time, issued under authority of this section, shall not exceed $260 million par value.

SECTION 201. ORS 468.437 is amended to read:

468.437. (1) Any public agency desiring a loan from the Water Pollution Control Revolving Fund shall submit an application to the Department of Environmental Quality on the form provided by the department. The depart-

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ment may require an opinion from the State of Oregon bond counsel that the applicant has the legal authority to borrow from the Water Pollution Control Revolving Fund. If a public agency relies on borrowing authority granted by charter or law other than ORS 468.439, then with the consent of the department and notwithstanding any limitation or requirement of the charter or law, the public agency may borrow directly from the Water Pollution Control Revolving Fund without publishing a notice of sale, providing an official statement or following any other procedures designed to provide notice or information to potential lenders. [The requirements of ORS 288.845 shall not apply to revenue bonds that are sold to the department.]

(2) Any public agency receiving a loan from the Water Pollution Control Revolving Fund shall establish and maintain a dedicated source of revenue or other acceptable source of revenue for the repayment of the loan.

(3) If a public agency defaults on payments due to the Water Pollution Control Revolving Fund, the state may withhold any amounts otherwise due to the public agency and direct that such funds be applied to the payments and deposited into the fund. If the department finds that the loan to the public agency is otherwise adequately secured, the department may waive this right in the loan agreement or other loan documentation.

SECTION 202. ORS 468.439 is amended to read:

468.439. Notwithstanding any limitation contained in any other provision of law or local charter, a public agency may:

(1) Borrow money from the Water Pollution Control Revolving Fund through the Department of Environmental Quality;

(2) Enter into loan agreements and make related agreements with the department in which the public agency agrees to repay the borrowed money in accordance with the terms of the loan agreement;

(3) Covenant with the department regarding the operation of treatment works and the imposition and collection of rates, fees and charges for the treatment works;

(4) Pledge all or part of the revenues of the treatment works to pay the
amount due under the loan agreement and notes in accordance with ORS [288.594] chapter 286 or 287; and

(5) Provide any additional security and exercise any powers permitted to an issuer of revenue bonds under ORS [288.825] chapter 286 or 287.

SECTION 203. ORS 470.225 is amended to read:

470.225. Bonds described in ORS 470.220 to 470.290 shall be issued in accordance with the applicable provisions of ORS [chapters 286 and 288] chapter 286. [The bonds may be sold at a public sale or at a private, negotiated sale in accordance with ORS 286.710.]

SECTION 204. ORS 478.420 is amended to read:

478.420. Bonds authorized under ORS 478.410 shall be issued and sold in the manner prescribed in ORS [287.014 to 287.028] chapter 287. [They] The bonds shall be so conditioned that the district agrees to pay, at the place named, to the bearer the sum named in lawful money of the United States with interest at the rate named, payable semiannually each year in accordance with the terms of interest coupons attached.

SECTION 205. ORS 478.845 is amended to read:

478.845. (1) Notwithstanding any other provision of law or any restriction on indebtedness contained in a charter, a city or district may issue and sell revenue bonds under ORS 478.845 to 478.875, loan moneys to qualified persons for the installation of fire safety systems and enter into loan contracts with those persons. Moneys borrowed from the loan fund created by ORS 478.855 shall be repaid by the borrowers in accordance with the terms of the loan contract to which the borrower and the city or district are parties.

(2) In addition to authority granted by other laws to issue revenue bonds, a city or district may sell revenue bonds for the purpose of creating a loan fund to finance the installation of fire safety systems in structures located within the city or district.

(3) Revenue bonds authorized by this section may be issued from time to time and shall be issued [and sold as provided] as prescribed in ORS [288.805 to 288.945] chapter 287.
**SECTION 206.** ORS 478.850 is amended to read:

478.850. (1) Revenue bonds issued under ORS 478.845 to 478.875:

(a) Shall not be payable from nor charged upon any fund other than the revenue pledged to the payment of the revenue bonds [as provided in ORS 288.825].

(b) Shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the city or district, except those moneys paid to the loan fund created by ORS 478.855.

(2) No holder of such revenue bonds shall ever have the right to compel any exercise of the taxing power of a city or district to pay the bonds or the interest on the bonds, or to enforce payment of the bonds against any property of the city or district except those moneys pledged in the loan fund created under ORS 478.855.

(3) A revenue bond issued under ORS 478.845 to 478.875 shall not constitute a debt of the city or district within the meaning of any statutory limitation.

**SECTION 207.** ORS 478.855 is amended to read:

478.855. (1) Proceeds of revenue bonds issued and sold under ORS 478.845 to 478.875 that are to be used to fund loans to persons for acquisition and installation of fire safety systems in structures owned by the borrowers shall be deposited in a loan fund created for the purpose by a city or district.

(2) In addition to proceeds from the sale of revenue bonds, the loan fund created by this section shall consist of:

(a) Moneys repaid to the fund by borrowers who received loans from the fund.

(b) Proceeds of the sales of structures acquired by the city or district as a result of loan defaults.

(c) Other [moneys or] revenues, as defined in section 43 of this 2007 Act, as [described in ORS 288.805 (7) as] determined by the city or district.

**SECTION 208.** ORS 523.490 is amended to read:

523.490. All general obligation and revenue bonds, including refunding
bonds, [issued] authorized under ORS 523.460 to 523.480 shall be [advertised and sold in the manner prescribed in ORS 287.014 to 287.022 for the sale of bonds of cities of this state] issued as prescribed in ORS chapter 287.

SECTION 209. ORS 530.130 is amended to read:

530.130. (1) In compliance with the applicable provisions of ORS [286.031 to 286.051 and 286.061] chapter 286, the State Board of Forestry may issue the revenue bonds described in ORS 530.140 in exchange for lands selected by it in accordance with ORS 530.010, or may sell such bonds in such manner as it deems advisable. Should the bonds be sold by the board, the proceeds shall be paid into the State Treasury and credited to the State Forestry Department Account and shall be expended only by warrant of the Oregon Department of Administrative Services in the payment of vouchers bearing the approval of the board in the purchase of lands, as provided in ORS 530.010.

(2) Lands proposed to be taken in exchange for bonds shall first be appraised by the board and the appraisal approved by the Department of State Lands.

SECTION 210. ORS 530.230 is amended to read:

530.230. In order to provide funds for the purposes specified in Article XI-E of the Oregon Constitution, bonds may be issued in accordance with the provisions of ORS [286.031 to 286.061] chapter 286, but the annual issue shall not exceed $750,000.

SECTION 211. ORS 541.780 is amended to read:

541.780. In order to provide funds for the purposes specified in Article XI-I (1) of the Oregon Constitution, bonds may be issued in accordance with the provisions of ORS [286.031 to 286.061] chapter 286.

SECTION 212. ORS 543.670 is amended to read:

543.670. [Except as provided in ORS 287.028,] All revenue bonds issued under ORS 543.665 shall be [advertised and sold in the manner prescribed in ORS 287.014 to 287.022 for the sale of bonds of cities of this state] issued as prescribed in ORS chapter 287.

SECTION 213. ORS 545.519 is amended to read:
545.519. (1) Bonds shall be issued in accordance with ORS [288.515 to 288.600] chapter 287.

(2) Nothing in this section shall inhibit the district from providing for the irrigation or drainage in units or portions of units from time to time.

(3) The board by resolution entered on its records may cancel any bonds of the district [which] that have not been sold or deposited as security for funds advanced or to be advanced, and [which the] that this state, the United States or any other person has no claim to or equity in. After the cancellation, the bonds shall not be sold or otherwise disposed of. After cancellation, the bonds shall be invalid and of no effect. The board may not replace bonds canceled under this subsection without authorization of the electors.

SECTION 214. ORS 545.541 is amended to read:

545.541. (1) If, after 10 years from the issuance of bonds, the appropriate fund amounts to $10,000, the board of directors may direct the district treasurer or county treasurer of the principal county, as defined in ORS 198.705, if designated in the bonds, to pay that amount of the bonds not due as the money in the fund will redeem at the lowest value at which they may be offered for liquidation, or the board may call bonds at a premium of three percent, as provided in subsection (2) of this section.

(2) The board may call for payment and retire before maturity any bonds issued in accordance with ORS 545.511, 545.513, 545.515, 545.517 and 545.519, by paying principal and accrued interest and a premium of three percent upon the principal. Notice of intention to do so shall be given by publication in a newspaper published and regularly circulated in the county in which the district lands are situated. The notice shall be printed at least once a week for four successive weeks, beginning not less than 90 days prior to an interest-paying period. The notice shall state the number and amount of the bonds to be retired, the price to be paid, the date of payment and the place where payment is to be made. Bonds shall be retired in numerical order in the manner specified in the bonds, as provided in ORS 288.520. Newspaper
publication of notice of redemption is not required for bonds that are in registered form. Bonds shall not be retired under this section except on a day when interest is payable by the terms of the bonds and on and after the date named in the notice. Interest on bonds described in the notice shall cease after the date named in the notice.

(3) Notwithstanding anything contained in this section, the board may issue bonds with the option reserved to the district of redeeming the bonds on and after certain interest-paying dates specified by the board in the bonds[, upon giving notice of the redemption in the manner specified in the bonds, as provided in ORS 288.520. Newspaper publication of notice of redemption is not required for bonds that are in registered form] in the manner prescribed in ORS chapter 287.

SECTION 215. ORS 552.660 is amended to read:

552.660. All general obligation bonds, including refunding bonds, issued under ORS 552.645 to 552.660 shall be [advertised and sold in the manner prescribed by ORS 287.014 to 287.022 for the sale of bonds of cities of this state] issued as prescribed in ORS chapter 287.

SECTION 216. ORS 553.670 is amended to read:

553.670. [Notwithstanding anything contained in this section,] The board in its discretion may issue any bonds with the option reserved to the district of redeeming the bonds on and after certain interest-paying dates specified by the board in the bonds[, upon giving notice thereof in the manner specified in the bonds, as provided in ORS 288.520. Newspaper publication of notice of redemption is not required for bonds that are in registered form] in the manner prescribed in ORS chapter 287.

SECTION 217. ORS 565.095 is amended to read:

565.095. (1) In accordance with any applicable provisions of ORS [286.010, 286.020 and 286.105 to 286.135 and ORS chapter 288] chapter 286, the State Parks and Recreation Director, with the approval of the State Parks and Recreation Commission and the State Treasurer, may issue revenue bonds in an amount not to exceed $10 million.
(2) Moneys received from the issuance of revenue bonds may be expended for land acquisition, capital construction and improvements and for paying current operating and other expenses of the Oregon State Fair.

(3) Revenue bonds issued pursuant to this section shall be secured by revenues received by the director from activities conducted at the Oregon State Fair, and shall not be a general obligation of the State Parks and Recreation Department or the State of Oregon.

SECTION 218. ORS 568.803 is amended to read:

568.803. (1) When authorized by a majority of electors voting at an election called for that purpose by the directors of a soil and water conservation district, the directors may issue general obligation bonds of the district, not exceeding in value the amount stated in the notice of election and for the purpose named in the notice, bearing interest at a rate determined by the directors, payable semiannually, redeemable at the time or times as the directors may, at the time of providing for the issuance of the bonds, determine, but due and payable not to exceed 30 years from the date of issuance.

(2) The aggregate amount of general obligation bonds issued and outstanding at any one time may not exceed two and one-half percent of the real market value of all taxable property of the district, computed in accordance with ORS 308.207.

(3) General obligation bonds must recite that they are issued under ORS 568.210 to 568.808. All bonds shall be signed by the chairperson of the board of directors, attested by the secretary and registered by the county treasurer.

(4) A soil and water conservation district:

(a) Shall issue general obligation bonds authorized under this section as provided in [ORS 288.010 to 288.110, 288.150 to 288.165 and 288.515 to 288.600 and the applicable provisions of] ORS chapter 287 [including, but not limited to, ORS 287.006, 287.007, 287.012 and 287.014 to 287.029]; and

(b) May issue refunding bonds as provided in ORS [288.592 and 288.605 to 288.695] chapter 287.
(5) Taxes described in ORS 287.006 and 287.007 that are levied by a soil and water conservation district to pay principal, interest and premium, if any, on general obligation bonds issued pursuant to this section are separate from and in addition to taxes levied pursuant to ORS 568.806.

**SECTION 219.** ORS 777.410 is amended to read:

777.410. (1)(a) For the purpose of carrying into effect any of the powers granted by ORS 777.105 to 777.258, a port may, when authorized so to do by the electors, borrow money and sell and dispose of bonds, which shall constitute a general obligation of the port and be secured by the port’s full faith and credit. The bonds shall be secured by the taxing power of the port as provided in ORS 777.430 (2). In addition, the port may provide that the bonds shall be payable from and secured by a lien and pledge of all or any part of the revenues derived by the port from the facilities constructed from the proceeds of the bonds. Bonds outstanding at any one time shall never exceed in the aggregate two and one-half percent of the real market value of all taxable property within the port, computed in accordance with ORS 308.207.

(b) A port may provide for the creation of special trust funds and may authorize the appointment of a trustee to administer such funds. A port may obligate itself to set aside and pay into a special trust fund any revenues pledged to the payment of bonds. A port, from available funds, may establish and fund debt service, operation and maintenance reserves.

(c) Proceeds from the sale of bonds may be used by a port to pay the costs incurred in issuing the bonds, to pay the costs of preliminary work incident to issuing and selling the bonds, including but not limited to planning, engineering, inspection, accounting, fiscal, legal, trustee and other similar expenses, to pay interest on the bonds for such time as the port may determine, but not exceeding six months beyond completion of the facilities financed with the bonds, and to establish reserves for debt service on the bonds.

(2) Without elector approval the board may, whenever it determines that an emergency exists, issue bonds, within the limitation provided by subsection (1) of this section, in an aggregate amount not exceeding $100,000 in
any period of 12 months. Bonds shall not be issued under this subsection to
provide funds for the acquisition of land. Bonds issued under this subsection
shall be issued and sold in accordance with subsection (3) of this section but
shall mature in such length of time, not exceeding five years, as the board
determines.

(3) All bonds issued under this section shall [bear interest at the rate of
percent per annum established by ORS 288.515 to 288.600 and shall be issued
on such terms and conditions and at such time or times as the board shall
determine. They shall be sold in the manner and under the conditions provided
by ORS 777.500. Bonds issued under this section and ORS 777.415 shall be
executed in behalf of the port by its president and secretary, shall be in de-
nominations of $1,000 or multiples thereof, and shall mature in installments
beginning not more than five and ending not more than 30 years from issue
date] be issued as prescribed in ORS chapter 287.

SECTION 220. ORS 777.447 is amended to read:

777.447. In addition to other powers granted a port, a port may, at any
time, upon proper resolution adopted by the board, issue promissory notes
to assist it in carrying out the powers granted the port under this chapter.
The promissory notes shall not exceed a term of five years [and], shall be
considered bonds for purposes of ORS chapter 287 and shall be issued
as prescribed in ORS chapter 287. [bear interest not to exceed the rate es-
tablished for bonds under ORS 288.515 to 288.600.] A port [shall] may not
have more than $1 million in promissory notes outstanding at any one
time[. No tax-derived revenues shall be pledged or used] and may not pledge
or use tax-derived revenues to retire the notes. The notes shall be signed
by the president and the treasurer of the port and shall state what assets
and revenues of the port shall be security for the notes and that the notes
do not constitute a full faith and credit pledge of the port. No officer or
employee of the port shall hold promissory notes under this section. Ex-
penditure of note proceeds and payment on notes issued under this section
shall first be properly budgeted in accordance with the Local Budget Law.
SECTION 221. ORS 777.570 is amended to read:

777.570. Revenue bonds issued under ORS 777.560 to 777.590:

1. Shall be negotiable instruments.

2. Shall bear such dates, mature at such times, be payable at a designated place or at the fiscal agency of the State of Oregon, as determined by the board, and bear such rate or rates of interest either fixed or variable under a formula fixed at the time of issuance as the board may authorize.

3. Shall contain a recital that principal and interest on the revenue bonds are payable solely out of revenues and property of the port pledged to the payment thereof by the ordinance of the board authorizing the issue of which the bonds are a part.

4. May be in registered or coupon form or may be in registered form with the privilege of converting to coupon form.

5. May contain covenants of the port to protect and safeguard the security and rights of holders of such bonds and such other terms and conditions, in conformity with ORS 777.560 to 777.590, which the board determines are necessary or desirable to protect the port or increase the marketability of the bonds.

6. Shall be in the form prescribed by the board and executed with either the autograph or facsimile signature of the president and countersigned by the secretary of the port. However, coupons, if any, attached to the bonds need bear only the printed or lithographed facsimile signature of the president and the secretary.

7. May be issued with the right reserved to the board to redeem the bonds at par or at par plus a premium, in numerical order or in inverse numerical order, upon a designated interest-paying date or dates prior to the final maturity date or dates of the bonds. Notice of redemption shall be given in the manner specified in the bonds, as provided in ORS 288.520. Newspaper publication of notice of redemption is not required for bonds that are in registered form.

5. Shall be issued as prescribed in ORS chapter 287.
SECTION 222. ORS 777.943 is amended to read:

777.943. Bonds authorized by ORS 777.940 shall be issued as prescribed in ORS chapter 287.[1]

[(1) May be issued from time to time in one or more series, bear such date or dates, mature at such times and in such amounts, be in such denomination or denominations, be payable within or without the State of Oregon, bear such rate or rates of interest and have such other terms, conditions and covenants as the board may by ordinance determine.]

[(2) May be in coupon form with or without privilege of registration or may be in registered form, or both, with the privilege of converting or reconverting to one form or another.]

[(3) Shall be signed by the president and by the secretary or an assistant secretary of the port, either manually or by their printed, engraved or lithographed signature; provided, however, that at least one signature is manual. The seal of the port or a facsimile thereof shall be printed, engraved or lithographed on the bonds. Coupons, if any, attached to the bonds need bear only the printed, engraved or lithographed facsimile signature of the president and the secretary or an assistant secretary of the port.]

[(4) May be issued with the right reserved to the board to redeem the bonds at par or at par plus a premium, in such order, and at such time or times prior to the final maturity date or dates of the bonds, as the board by ordinance may provide. Notice of redemption shall be given in the manner specified in the bonds, as provided in ORS 288.520. Newspaper publication of notice of redemption is not required for bonds that are in registered form.]

SECTION 223. ORS 778.036 is amended to read:

778.036. Bonds authorized by ORS 778.030 shall be issued as prescribed in ORS chapter 287.[1]

[(1) May be issued from time to time in one or more series, bear such date or dates, mature at such times and in such amounts, be in such denomination or denominations, be payable within or without the State of Oregon, bear such rate or rates of interest and have such other terms, conditions and covenants]
as the board may by ordinance determine.]

[(2) May be in coupon form with or without privilege of registration or may be in registered form, or both, with the privilege of converting or reconverting to one form or another.]

[(3) Shall be signed by the president and by the secretary or an assistant secretary of the Port of Portland, either manually or by their printed, engraved, or lithographed signature; provided, however, that at least one signature is manual. The seal of the port or a facsimile thereof shall be printed, engraved, or lithographed on the bonds. Coupons, if any, attached to the bonds need bear only the printed, engraved or lithographed facsimile signature of the president and the secretary or an assistant secretary of the port.]

[(4) May be issued with the right reserved to the board to redeem the bonds at par or at par plus a premium, in such order, and at such time or times prior to the final maturity date or dates of the bonds, as the board by ordinance may provide. Notice of redemption shall be given in the manner specified in the bonds, as provided in ORS 288.520. Newspaper publication of notice of redemption is not required for bonds that are in registered form.]

SECTION 224. ORS 778.155 is amended to read:

778.155. The revenue bonds issued and sold under ORS 778.145 to 778.175:

(1) Shall be deemed to be for all purposes negotiable instruments, subject only to the provisions of the bonds for registration, and need not comply with requirements of the Uniform Commercial Code.

(2) May be issued in one or more series, bear such date or dates, mature at such times and in such amounts, be in such denomination or denominations, be payable at a designated place or places within or without the State of Oregon or at the fiscal agency of the State of Oregon, be equally and ratably secured without priority or be entitled or subject to such priorities on all or any portion of the revenues of the Port of Portland, and, notwithstanding any other provision of law to the contrary, bear such rate or rates of interest either fixed or variable under a formula fixed at the time of issuance, and contain such other terms, conditions and covenants as the
board may authorize.

(3) Shall contain a recital that principal of and interest on and premium, if any, on the revenue bonds are payable solely out of revenues and property of the port pledged to the payment thereof by the ordinance of the board authorizing the issue of which the bonds are a part.

[(4) May be in coupon form with or without privilege of registration or may be in registered form, or both, with the privilege of converting and reconverting from one form to another.]

[(5)] (4) May contain covenants of the port to protect and safeguard the security and rights of holders of any such bonds and such other terms and conditions, in conformity with ORS 778.145 to 778.175, which the board in its discretion determines are necessary or desirable to protect the port or increase the marketability of the bonds. ORS 778.145 to 778.175 and any such ordinance which constitutes a contract with the holders of the bonds, and the provisions thereof shall be enforceable by any holder or any number of holders of the bonds, as the board may determine.

[(6) Shall be in the form prescribed by the board and shall be signed by the president and by the secretary or an assistant secretary of the port, either manually or by their printed, engraved or lithographed signature; provided, however, that at least one signature is manual, with the seal of the port or a facsimile thereof printed, engraved or lithographed thereon or affixed thereto. Coupons, if any, attached to the bonds need bear only the printed, engraved or lithographed facsimile signature of the president and the secretary or an assistant secretary. Pending the preparation and delivery of definitive bonds, the port may issue interim certificates or temporary bonds, exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery. Such interim certificates or temporary bonds may contain such terms and conditions as the board may determine.]

[(7) May be issued with the right reserved to the board to redeem the bonds at par or at par plus a premium, in such order, and at such time or times prior to the final maturity date or dates of the bonds, as the ordinance may provide]
or as otherwise determined by the board. Notice of redemption shall be given in the manner specified in the bonds, as provided in ORS 288.520. Newspaper publication of notice of redemption is not required for bonds that are in registered form.]

(5) **Shall be issued as prescribed in ORS chapter 287.**

**SECTION 225.** ORS 838.065 is amended to read:

838.065. (1) For the purpose of performing any service that the district has power to perform, the district, when authorized at any properly called election held for such purpose, shall have the power to borrow money by the issuance and sale of general obligation bonds. Such bonds shall never exceed in the aggregate 10 percent of the real market value of all taxable property within the district computed in accordance with ORS 308.207. The bonds shall be so conditioned that the district shall promise and agree therein to pay the bearer at a place named therein payable semiannually in accordance with the tenor and terms of the interest coupons attached. The bonds shall mature serially not to exceed 30 years from the date of issue, in like manner as bonds issued under the authority of ORS 287.008.

(2) For the purpose of performing any of the powers conferred by this chapter a district, without the necessity of an election held for such purpose, shall have the power to borrow money by the issuance and sale also of revenue bonds and to pledge as security therefor, all or any part of the unobligated net income or revenue of the district. The revenue bonds shall be issued in the same manner and form as are general obligation bonds of the district but they shall be payable both as to principal and interest from revenues only. The revenue bonds shall not be subject to the percentage limitation applicable to general obligation bonds and shall not be a lien on any of the taxable property within the limits of the district and shall be payable solely from such part of revenues of the district as remains after the payment of obligations having a priority and of all expenses of operation and maintenance of the district. All revenue bonds shall contain a provision that both the principal and interest are payable solely from the operating reve-
nues of the district remaining after paying such obligations and expenses.

(3) All general obligation bonds and revenue bonds shall be advertised for sale and sold in the manner prescribed in ORS 287.014 to 287.022 for the sale of bonds of cities] issued as prescribed in ORS chapter 287.

APPLICABILITY DATE

SECTION 226. Unless an election is made under section 229 of this 2007 Act:

(1) Sections 2 to 5, 7 to 12, 16 to 27, 32 and 34 of this 2007 Act and the amendments to ORS 286.025, 286.555, 286.605, 286.615, 286.645, 286.560, 286.563, 286.566, 286.580, 286.585, 286.750, 286.762, 286.770, 286.782, 286.790, 293.175, 293.177 and 328.346 by sections 6, 14, 15, 28 to 30, 33, 36 to 41 and 108 to 112 of this 2007 Act apply to bonds approved for issuance by the State Treasurer on or after the effective date of this 2007 Act.

(2) Sections 43 to 60 and 65 to 71 of this 2007 Act and the amendments to ORS 287.030, 287.032, 287.034 and 287.040 by sections 61 to 64 of this 2007 Act apply to bonds approved for issuance by the governing body of a public body on or after the effective date of this 2007 Act.

(3) The amendments to statutes by sections 72 to 76, 78 to 107, 113 to 115, 117 to 128, 130 to 158, 160 to 186 and 188 to 225 of this 2007 Act apply to bonds approved for issuance by the State Treasurer or the governing body of a public body on or after the effective date of this 2007 Act.

REPEALS

SECTION 228. Nothing in the repeal of statutes by sections 77, 116, 129, 159, 187 and 227 of this 2007 Act affects any issue of bonds that occurred prior to the effective date of this 2007 Act.

ELECTION TO APPLY PRIOR LAW

SECTION 229. (1) Notwithstanding section 226 of this 2007 Act and the repeal of statutes by sections 77, 116, 129, 159, 187 and 227 of this 2007 Act, or any other provision of law, the State Treasurer or any public body as defined in section 43 of this 2007 Act may elect, pursuant to rules adopted by the State Treasurer, to authorize or issue bonds under the laws of this state in effect on the day before the effective date of this 2007 Act.

(2) The State Treasurer shall by rule prescribe how and when an election may be made under this section.
(3) This section is repealed January 2, 2010.

CAPTIONS

SECTION 230. The unit captions used in this 2007 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2007 Act.