

Chapter 287

(Partial)

2005 EDITION

Borrowing and Bonds of Local Governments

	GENERAL PROVISIONS		
287.001	Definitions	287.007	Tax levy to pay interest and principal on bonds of cities, counties and districts
	BORROWING AND BONDS OF COUNTIES, CITIES AND DISTRICTS GENERALLY	287.008	Issuance of bonds of municipalities
		287.012	Use and disposition of bond proceeds
287.006	Tax levy to pay interest and principal on bonds of municipalities; bond sinking or debt service fund; use of surplus after debt service	287.014	Definitions for ORS 287.014 to 287.029
		287.029	Citizens bonds authorized; requirements for issuance

PUBLIC BORROWING AND BONDS

GENERAL PROVISIONS

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

(1) "Bonds" means general obligation bonds.

(2) "Municipality" means this state's political subdivisions and municipal, quasi-municipal and public corporations authorized by law to issue bonds. [1983 c.347 §7]

BORROWING AND BONDS OF COUNTIES, CITIES AND DISTRICTS GENERALLY

287.006 Tax levy to pay interest and principal on bonds of municipalities; bond sinking or debt service fund; use of surplus after debt service. (1) Each municipality shall annually cause to be levied upon the taxable property within its boundaries a sum sufficient, with such other revenues as are available, to pay the maturing interest and principal of all general obligation bonds and to provide a sinking or debt service fund to pay the interest and principal of all other bonds issued after June 3, 1929, by the municipality at or before the maturity date or dates thereof. If any such other bonds are not callable or subject to retirement by purchase or otherwise before the ultimate maturity dates specified in such bonds, the surplus of the sinking or debt service fund over and above current requirements to pay interest and principal shall be invested in the classes of securities specified in ORS 294.035 and 294.040.

(2) The earnings of the sinking or debt service fund shall be added to and become a part thereof for the purpose of paying interest and principal of the bonds for which the fund was created.

(3) A municipality may not use or divert the fund for any other purpose if principal, interest and premium, if any, remain outstanding on the bonds. However, if a surplus remains after all principal, interest and premium, if any, of a given issue have been paid, the governing body of the municipality may transfer the surplus to another fund designated by the governing body of the municipality. However, funds of municipal utilities may not be diverted or transferred to other funds.

(4) Annual sinking or debt service fund installments to pay the principal of municipal utility bonds issued after June 3, 1929, to defray costs of construction, extension and betterments may be deferred, if necessary, for a period not to exceed five years from the issuing date or dates of such bonds.

(5) This section does not apply to or affect bonds issued pursuant to applications to

pay assessments for improvements in installments under statutory or charter authority. [Amended by 1983 c.347 §8; 2003 c.195 §12]

287.007 Tax levy to pay interest and principal on bonds of cities, counties and districts. Notwithstanding any other law, the governing body of each city, county and district shall ascertain and levy annually, in addition to all other taxes, a direct ad valorem tax on all the taxable property within the city, county or district in an amount that, when added to other amounts available for such purpose and after taking into account expected discounts and delinquencies in the payment of such tax, will be sufficient to pay when due the principal of and interest on all outstanding general obligation bonds issued by such city, county or district. [1999 c.632 §27]

Note: 287.007 was added to and made a part of ORS chapter 287 by legislative action but was not added to any smaller series therein. See Preface to Oregon Revised Statutes for further explanation.

287.008 Issuance of bonds of municipalities. All bonds issued by municipalities shall be issued in accordance with the provisions of ORS 288.515 to 288.560. [Amended by 1967 c.408 §1; 1969 c.25 §2; 1971 c.325 §2; 1975 c.642 §17; 1981 c.526 §1; 1983 c.347 §9]

287.012 Use and disposition of bond proceeds. (1) Notwithstanding any other provision of law, when bonds, obligations or other evidence of indebtedness issued by any district, authority or public corporation after August 9, 1961, are sold, the proceeds may be used to pay attorney, consultant, paying agent, trustee or other professional fees and other expenses incurred to authorize, issue, carry and repay the bonds, obligations or other evidence of indebtedness.

(2) When bonds are sold, the proceeds received in excess of the principal shall be placed with the principal in the improvement fund for which the bonds were issued or in a debt service fund to repay the bond. [1961 c.70 §1; 1971 c.515 §1; 2003 c.195 §13]

287.014 Definitions for ORS 287.014 to 287.029. As used in ORS 287.014 to 287.029, unless the context requires otherwise:

(1) "Bond" means a general obligation bond or a limited tax bond, as defined in ORS 288.150.

(2) "Issuer" includes the state, cities, counties, common and union high school districts, community college districts, community college service districts, special districts, authorities, and other municipal corporations authorized by law to issue general obligation bonds. [1975 c.642 §9 (enacted in lieu of 287.002); 1991 c.902 §90; 1997 c.271 §9]

287.029 Citizens bonds authorized; requirements for issuance. (1) Notwithstanding any other provision of law, whenever an

issuer is authorized to issue and sell bonds, it may issue and sell all or any portion of the bonds in denominations of less than \$5,000. The bonds may be sold directly to members of the public at preestablished interest rates.

(2) Bonds issued and sold directly to members of the public are to be referred to as citizens bonds and may only be issued and sold in compliance with rules adopted by the Oregon Municipal Debt Advisory Commission. These rules shall reserve to the State Treasurer the right to review and approve any or all issues of citizens bonds and may impose requirements, as the commission considers necessary, to protect adequately both the issuer and the purchasers of the bonds.

(3) Proceeds from the sale of citizens bonds may be used to finance any capital project that is not in conflict with the issuer's comprehensive plan.

(4) Prior to selling an issue of citizens bonds, the issuer shall make available to interested investors:

(a) A preliminary official statement meeting the requirements of ORS 287.018, a legal opinion from a recognized bond counsel and a comparison to taxable yields at various income levels.

(b) Application forms for the purchase of citizens bonds which shall specify, as a minimum:

(A) The time, date and place where applications will be received, the manner in which applications will be processed and conditions under which the sale may be canceled if the issue is not fully subscribed during the application period.

(B) The issue date, maturity dates and the dates on which interest will be earned and paid.

(C) The denominations of the bonds.

(D) The approximate yield on the bonds if held to maturity and the manner in which interest rates have been calculated.

(E) The provision made for the transfer of ownership of outstanding bonds.

(c) Any other information which the State Treasurer may require or the Oregon Municipal Debt Advisory Commission may by rule prescribe. [1981 c.434 §§2,3; 1991 c.902 §96]

Note: 287.029 (4) was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 287 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.