2026

State Debt Policy Advisory Commission Appendix

January 29, 2026

Table of Contents

I. BONDING IN OREGON

Historically, Oregon has operated under a biennial debt review and authorization process. Under this model, each individual bonding program receives specific legislative authorization and is managed by a state government agency. The Treasurer of the State of Oregon, as issuer of all State of Oregon bonds, is charged with the responsibility to centrally oversee all long-term debt programs. The State uses four primary types of long-term debt obligations: general obligation bonds (GOs), direct revenue bonds, appropriation credits, and conduit revenue bonds. General obligation bond authorized limits are normally expressed as a percentage of statewide value of taxable property. Revenue bonds and appropriation credits are usually limited by the Legislature to a specific dollar amount.

A brief explanation of the bond authorization and issuance process, the debt obligation types, and associated State of Oregon bonding programs are provided below.

A. Authorization and Issuance Process

State Treasurer

The State Treasurer has been given responsibility and authority with respect to the sale and management of State bonds. The State Treasurer has assigned day-to-day responsibility for the coordinated issuance of all State obligations to the Debt Management Division of the Oregon State Treasury. The Division reviews the structure and security features of each bond and appropriation credit and recommends issuance to the State Treasurer. In addition, the Division coordinates the timing of the various agency bond sales, administers the issuance of bonds, secures credit ratings, prepares transcripts and other documents, provides for the delivery of bonds, assists with the signing and closing of bond issues, and coordinates the State's primary and secondary market disclosure responsibilities as required by regulations promulgated by the Security and Exchange Commission (SEC) and in accordance with the Municipal Securities Rule Making Board (MSRB) and other applicable Federal and Securities Industry regulatory bodies. In addition, Division staff provide advice to State agencies regarding market developments and make debt policy and legislation recommendations to the State Treasurer.

Biennial Legislative Limitations

In addition to constitutional and statutory authorities and limitations, Oregon has historically followed a legislative practice of biennially approving bond volume limits. Prior to each biennium, the Governor's budget, in conjunction with advice from the State Treasurer, details program amounts recommended for bonding authority during the upcoming biennium. The budget recommendation considers requests by agencies for capital projects, as well as grant and loan program needs. The Legislature then conducts a program-by-program review process and approves what it determines to be an appropriate level of issuance. Although this process has been successful, increasing demand for financing State capital needs necessitates a more comprehensive and longer-range approach to capital financing. The purpose of the Annual Report is to provide the Governor and the Legislature additional advice when considering and approving biennial bond volume limits, as well as to make recommendations the Commission believes would enhance the State's bond ratings and maintain access to low-cost capital financing.

B. State of Oregon Bonding Authorizations

General Obligation Bonds

General Obligation (GO) debt is secured by the full faith and credit of the participating issuer, for our purposes, the State of Oregon. Typically, GO debt necessitates constituency approval. In the State's case, each GO bond program was created by a constitutional amendment passed by State voters. Therefore, the People of the State have unconditionally pledged to pay debt service (i.e., principal and interest) payments, over the life of each GO bond issue. This means that barring the existence of other adequate repayment sources, all unrestricted public revenues must be used as needed to support debt service payments. This may include the levy of a statewide property tax if necessary and allowed by law.

Article XI, Section 7 of the Constitution provides the State with the general authority to issue GO debt. Currently, there are 18 constitutionally authorized GO bond programs[1]. While each of these programs has the potential for drawing on the State's General Fund or other taxing authority, many of the programs are fully self-supporting and are repaid from program revenues, gifts, grants, or other revenue streams.

The constitutionally authorized State of Oregon GO bond programs are listed below.[2]

- General Purpose Bonds – Article XI, Section 7
- State Highway Bonds – Article XI, Section 7
- Veterans Welfare Bonds – Article XI-A
- State Power Development Bonds – Article XI-D
- State Forest Rehabilitation Bonds – Article XI-E
- Higher Education Building Bonds – Article XI-F (1)
- Higher Education Facilities and Community College Bonds – Article XI-G[3]
- Pollution Control Bonds – Article XI-H
- Water Resources Bonds – Article XI-I (1)
- Elderly and Disabled Housing Bonds – Article XI-I (2)
- Alternate Energy Bonds – Article XI-J
- Oregon School Bond Guaranty Program – Article XI-K
- Oregon Opportunity Bonds – Article XI-L
- Seismic Rehabilitation of Public Education Buildings – Article XI-M
- Seismic Rehabilitation of Emergency Services Buildings – Article XI-N
- Pension Obligation Bonds – Article XI-O
- Public School Facilities Bonds – Article XI-P

---

[1]General Purpose bonds and State Highway bonds are both provided constitutional bonding authority by Article XI, Section 7. Likewise, Article XI-G provides constitutional bonding authority for both Higher Education bonds and Community College bonds.

[2]There is currently no outstanding general obligation debt related to State Power Development, State Forest Rehabilitation, Water Resources, Oregon Opportunity Bonds and Oregon School Bond Guaranty Program.

[3]Higher Education Facilities GO bonds were historically issued by the Board of Higher Education, whereas Community College GO bonds were issued by the Board of Education. Higher Education and Community College bond issuance are combined and charged against the total debt authorized by the State Constitution Article XI-G.

- State General Purpose Bonds – Article XI-Q

Direct Revenue Bonds

Unlike GO bonds, direct revenue program debt is not secured by the State's unlimited pledge to fund debt service with unrestricted public revenues or, where permitted, a statewide ad valorem property tax. Rather, funds to pay debt service are provided by a specific dedicated revenue stream, and normally program revenues are directly associated with the funded project(s). Further, revenue programs typically do not require a vote of Oregonians but must be authorized by the Legislative Assembly. The State Legislature holds the right to refer program approval to Oregon voters.

Oregon Revised Statutes provide for a variety of revenue bond programs. These programs are each considered fully self-supporting and have no GO backing from the State. However, if program revenues were to become insufficient to support debt service payments, this does not preclude the State from providing a funding stream. Statutorily authorized direct revenue bond programs that are currently active are listed below.

- State Highway User Tax Bonds – ORS 367.620
- Oregon Transportation Infrastructure Fund Bonds – ORS 367.630[1]
- Lottery Revenue Bonds – ORS 286A.560 to 286A.585
- Oregon Bond Bank Revenue Bonds – ORS Chapter 285B.320 to 285B.371
- Single-Family and Multifamily Revenue Bonds – ORS 456.661

Conduit Revenue Bonds

Conduit revenue bonds are securities that are issued by a governmental unit to finance a project for a third party. Debt service payments are the obligation of the third-party borrower and do not constitute a GO debt of the State or the issuing governmental agency. Affordable Housing and Economic and industrial development revenue bonds are two common types of conduit revenue securities.

The State has four authorized and active conduit or "pass-through" revenue bond programs:

- Oregon Facilities Authority (OFA) – ORS Chapter 289.200 to 289.240
- Industrial Development Revenue Bonds – ORS Chapter 285B.320 to 285B.371
- Housing Development Revenue Bonds – ORS 456.692
- Beginning & Expanding Farmer Loan Revenue Bonds – ORS Chapter 285A.420 to 285A.435

Under these programs, the State is considered the issuer but has no obligation to pay debt service. Payments are made by the entities on whose behalf the bonds were issued.

[1]Various legislative bills have authorized the sale of Transportation Infrastructure Bonds; however, no bonds have been issued to date by this program.

Appropriation Credits

Similar to revenue program debt, appropriation credits are not secured by the State's unlimited pledge to fund debt service with unrestricted public revenues or, where permitted, a statewide ad valorem property tax. The State has historically used two types of appropriation credits:

- Appropriation Bonds – SB 856 – 2003 Legislature
- Certificates of Participation (COPs) – ORS 283.085

These credits are special limited obligations of the State payable solely from funds appropriated or otherwise made available by the State Legislative Assembly. The obligation of the State to provide appropriated moneys and to pay bond debt service is subject to future appropriation by the Legislature for the fiscal period in which payments are due. As with State direct revenue bond programs, appropriation credits do not require a vote of the people but must be authorized by the Legislative Assembly. In 2010, voters approved Constitutional amendment Article XI-Q, which authorizes the State to issue GO Bonds for various State-owned or operated office buildings, facilities, and other capital projects. Rather than issuing higher cost appropriation debt, the State elected to refund prior COPs with XI-Q bonds for savings. With the exception of the Certificate of Participation issued in 2019, which has outstanding principal of $77.4 million, all previously issued COPs have been redeemed and replaced with Article XI-Q bonds.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK

EXHIBIT I.1
State of Oregon
Outstanding Long-Term Financial Obligations
Constitutional Debt Limit and Statutory Provisions
As of June 30, 2025

Program	Legal Provision	Constitutional Debt Limit %	Constitutional Debt Limit $	Debt (Principal) Outstanding	Constitutional Authorization Remaining
General Obligation Bonds			$	$	$
General Purpose (4)	ARTICLE XI SEC 7		50,000		50,000
Transportation: State Highway	ARTICLE XI SEC 7	1.0000%	10,393,778,590	266,815,000	10,126,963,590
Veterans' Welfare (5)	ARTICLE XI-A	8.0000%	83,150,228,885	428,535,000	82,721,693,721
State Power Development	ARTICLE XI-D	1.5000%	15,590,667,357		15,590,667,357
Forest Rehabilitation	ARTICLE XI-E	0.1875%	1,948,833,486		1,948,833,486
Higher Education XI-F (5)	ARTICLE XI-F (1)	0.7500%	7,795,333,943	924,010,000	6,871,323,943
Community College	ARTICLE XI-G			271,715,000	
Higher Education XI-G (5)	ARTICLE XI-G	0.7500%	7,795,333,943	715,050,000	6,808,568,943
Pollution Control (6)	ARTICLE XI-H	1.0000%	10,393,778,590	28,240,000	10,365,538,590
Housing: Elderly & Disabled	ARTICLE XI-I (2) & ORS 456.519	0.5000%	5,196,889,295	17,925,000	$5,178,964,295
Alternate Energy Projects (6)	ARTICLE XI-J	0.5000%	5,196,889,295	62,710,000	5,134,179,295
Oregon School Bond Guarantee	ARTICLE XI-K	0.5000%	5,196,889,295		5,196,889,295
Oregon Opportunity Bonds (OHSU)(7)	ARTICLE XI-L	0.5000%	5,196,889,295		5,196,889,295
Seismic Rehab – Public Education Buildings	ARTICLE XI-M	0.2000%	2,078,755,718	418,945,000	1,659,810,718
Seismic Rehab – Emergency Service Buildings	ARTICLE XI-N	0.2000%	2,078,755,718	132,040,000	1,946,715,718
Pension Obligations (6)	ARTICLE XI-O	1.0000%	10,393,778,590	499,305,000	9,894,473,590
School District Capital Costs	ARTICLE XI-P	0.5000%	5,196,889,295	394,620,000	4,802,269,295
State Real or Personal Property	ARTICLE XI-Q	1.0000%	10,393,778,590	4,154,565,000	6,239,213,590
				$ 8,314,475,000	
Direct Revenue Bonds					
Economic Development Bond Bank	ORS 285B			44,855,000	
Lottery Bond Program(s)	ORS 286A.560-585			1,494,245,000	
Transportation Infrastructure Bank	ORS 367.030				
Transportation: Highway User Tax	ORS 367.620			2,379,650,000	
Housing: Single & Multi-Family Programs	ORS 456.645 and ORS 456.661			1,235,300,000	
				$ 5,154,050,000	
Appropriation Credits					
Certificates of Participation	ORS 283 & 286A			77,370,000	
Oregon Appropriation Bonds	SB 856–2003 Legislature				
				$ 77,370,000	

The State of Oregon Office of the Treasurer maintains debt information to assist in debt related matters. The data is based on information obtained from sources believed to be reliable; however, its accuracy cannot be guaranteed. The Office of the State Treasurer does not independently verify information received. The State of Oregon is not responsible for the accuracy, completeness or timeliness of the information obtained and the data presented and disclaims any liability for or obligation to bond owners or others concerning the accuracy, completeness or timeliness of the data and information presented.

{1} Percentages listed are of Real Market Value (RMV) of all taxable real property in the state.

{2} Based on the January 1, 2024, Real Market Value (RMV) of $1,039,377,859,012. Authorization does not include inactive programs.

{3} Excludes refunded and defeased Bonds and Notes issued for less than 13 months.

{4} The State of Oregon may not incur indebtedness exceeding $50,000 without a constitutional amendment approved by the voters.

{5} Outstanding Department of Veterans' Affairs and State Board of Higher Education general obligation debt reflect the proceeds amount of original issue discounted and deferred interest bonds.

{6} The amount of General Fund debt service support will vary over time depending on the amortization and budgeted allocation of debt service on each bond, Department of Environmental Quality (DEQ) Pollution Control (Article XI-H) debt is reported as 52% General Fund-Supported. ORS 468.195 limits the amount of DEQ debt outstanding at anyone time to $260 million. Alternate Energy 80% General Fund-Supported, are paid from non-General Fund Sources. COP (ORS 283 & 286A) obligations are reported at 100% General Fund-Supported. State Real Personal Property (Article XI-Q) debt is reported as 92% General Fund-Supported and 8% self-supporting.

{7} Oregon Opportunity Bonds (OHSU) were authorized to finance capital costs of Oregon Health and Science University and have been paid down. Authorized debt may not exceed ½ of 1 percent RMV of all taxable real property in the State.

C. General Fund-Supported and Net Tax-Supported Debt

The municipal credit rating industry uses different measurements and indicators to evaluate a government's debt burden. Two of those measurements include *"General Fund- Supported debt"* and *"Net Tax-Supported debt."*

A significant proportion of the State's overall long-term debt obligations are fully self-supporting with the source of bond debt service payments coming from resources other than General Fund appropriations or other tax revenue. Bonding programs that do not require State appropriated General Fund support or other direct State tax revenue support would not be included in either General Fund or Net Tax-Supported debt measurements. However, in keeping with rating agency practice, some programs in which debt service payments are made with dedicated funds or special-tax revenue sources may still be viewed as General Fund or Net Tax-Supported Debt depending on the interpretation of the funding source(s). Examples of bond programs that do not require State tax revenues or General Fund appropriations to pay debt service include the Veterans' Welfare GO bond housing program, the Single and Multifamily Housing revenue bond program and all conduit revenue bonds.

General Fund-Supported Debt is classified as long-term obligations whose debt service is paid primarily from General Fund appropriations made by the State Legislature. Examples include Higher Education Facility and Community College (Article XI-G) GO bonds, State Property Bonds (Article XI-Q) GO bonds, and Certificates of Participation (COPs).

Net Tax-Supported Debt is defined as all debt serviced by tax revenues of the State. This definition includes all General Fund-Supported debt and other long-term obligations supported by specific State taxes. Highway User Tax Revenue bonds are an example of long-term debt that is Net Tax-Supported, even though it does not pledge any General Fund appropriations towards repayment of the bonds. These bonds do not constitute a GO debt of the State but are instead payable solely from revenues received from highway user taxes. Furthermore, in accordance with the Oregon Constitution, highway user tax revenues must be used exclusively for public highways, roads, streets and rest areas of the State and the retirement of bonds for which such revenues have been pledged.

The four major national rating agencies, Fitch, Kroll, Moody's, and Standard & Poor's, differ somewhat in their assumptions and definitions of General Fund and Net Tax-Supported debt with respect to the State of Oregon. For purposes of this report, the Commission has chosen to follow the Moody's model in determining both General Fund and Net Tax-Supported debt. This decision was based primarily on Moody's historical gathering and publishing of key debt ratios for the fifty states, and the recognition of their annual state debt report as an accepted industry model.

As part of the development of the report, staff of the Office of the State Treasurer and the Department of Administrative Services periodically review all outstanding debt of the State with the goal of providing a more precise estimate of the amount of State debt that is actually supported by general fund revenues. Based on this review, this Commission Report reflects the percentage of debt that is designated as General Fund-Supported in relation to the GO bonds issued by the State to fund pollution control needs, and Article XI-Q GO bonds. The report also incorporates a portion of the self-supporting GO debt issued by the Department of Environmental Quality and the Oregon Department of Energy to the extent that General Fund dollars are appropriated biennially for the following two years of debt service on these programs.

Based on these adjustments, the report includes the debt of the following bond programs in its assumptions of General Fund-Supported Debt:

- State Highway Bonds (Article XI, Section 7)
- Higher Education Facility & Community College Bonds (Article XI-G)
- Pollution Control Bonds (Article XI-H) (52% of total program debt)
- Alternate Energy Bonds (Article XI-J) (80% of total program debt)
- Oregon Opportunity Bonds (Article XI-L)
- State Pension Obligation Bonds (Article XI-O) (40% of total program debt)
- Seismic Rehabilitation Bonds for Public Education Buildings (Article XI-M)
- Seismic Rehabilitation Bonds for Emergency Services Buildings (Article XI-N)
- Public Safety Buildings (Article XI-N)
- Public School Facility Bonds (Article XI-P)
- State General Purpose Bonds (Article XI-Q) (92% of total program debt)
- Certificate of Participation Obligations (ORS 283.085 to 283.092) (100% of total program debt)

Net Tax-Supported debt includes the above-listed General Fund-Supported programs in addition to Dedicated Fund Supported GO Bonds, Appropriation bonds (if any) and applicable Direct Revenue Bonds, as detailed below:

- Dedicated Fund Supported GO Bonds:
  - State Pension Obligation Bonds
  - State General Purpose Bonds,
- Additional Appropriation or Certificates of Participation, if any
- Lottery Revenue Bonds (ORS 286A.560-585)
- Highway User Tax Revenue Bonds (ORS 367.620)

The State's definition of Net Tax Supported Debt differs from the methodology used by Moody's. Moody's definition and resulting computation includes the unamortized premium or discount of bonds issued, all Article XI-F Bonds and adds other long term leases and contracts of the State. Moody's definition excludes all debt that is represented in the Annual Comprehensive Financial Reports (ACFR) which derives revenues from other business activities such as the housing mortgage and veterans revenue bond programs.

Exhibit I.2 below provides a comparison of principal amount General Fund-Supported bonded debt, Net Tax-Supported bonded debt, and total outstanding gross debt as of June 30, 2025, as computed by the State.

SDPAC EXHIBIT I.2
State of Oregon
Comparison of Long-Term Debt Outstanding
As of June 30, 2025

Type & Purpose	Legal Provision	General Fund-Supported Debt	Net Tax-Supported Debt	Total Gross Debt Outstanding
General Obligation				
General Fund Supported				
General Purpose	ARTICLE XI SEC 7	$	$	$
State Highway	ARTICLE XI SEC 7	266,815,000	266,815,000	266,815,000
Community College Bonds	ARTICLE XI-G	271,715,000	271,715,000	271,715,000
Higher Education Institutions & Activities	ARTICLE XI-G	715,050,000	715,050,000	715,050,000
Pollution Control Bonds	ARTICLE XI-H	14,684,800	14,684,800	14,684,800
Alternate Energy Bonds	ARTICLE XI-J	50,168,000	50,168,000	50,168,000
Seismic Rehab - Public Education Bldgs.	ARTICLE XI-M	418,945,000	418,945,000	418,945,000
Seismic Rehab - Emergency Service Bldgs.	ARTICLE XI-N	132,040,000	132,040,000	132,040,000
State Real or Personal Property	ARTICLE XI-Q	3,822,199,800	3,822,199,800	3,822,199,800
DAS Pension Obligation Bonds (1)	ARTICLE XI-O	199,722,000	199,722,000	199,722,000
School District Capital Costs	ARTICLE XI-P	394,620,000	394,620,000	394,620,000
Total General Fund Supported		**$ 6,285,959,600**	**$ 6,285,959,600**	**$ 6,285,959,600**
Dedicated Fund Supported				
Veterans' Welfare Bonds	ARTICLE XI-A	-	-	428,535,000
Higher Education Building Projects	ARTICLE XI-F (1)	-	-	924,010,000
Pollution Control Bonds	ARTICLE XI-H	-	-	13,555,200
Elderly & Disabled Housing Bonds	ARTICLE XI-I (2) & ORS 456.519	-	-	17,925,000
Alternate Energy Project Bonds	ARTICLE XI-J	-	-	12,542,000
State Real or Personal Property	ARTICLE XI-Q	-	332,365,200	332,365,200
DAS Pension Obligation Bonds (1)	ARTICLE XI-O	-	299,583,000	299,583,000
Total Dedicated Fund Supported			$ 631,948,200	$ 2,028,515,400
Total General Obligation		**$ 6,285,959,600**	**$ 6,917,907,800**	**$ 8,314,475,000**
Revenue Bonds				
Direct Revenue Bonds				
Lottery Revenue Bond Program(s)	ORS 286A.560 – 585	-	1,494,245,000	1,494,245,000
Highway User Tax Revenue Bonds	ORS 367.620	-	2,379,650,000	2,379,650,000
Single-Family & Multi-Family Housing	ORS 456.645 & ORS 456.661	-	-	1,235,300,000
Economic Development - Bond Bank	ORS 285B	-		44,855,000
Total Direct Revenue Bonds		-	**$ 3,873,895,000**	**$ 5,154,050,000**
Conduit or Pass Through Revenue Bonds		-	-	
Economic & Industrial Development	ORS 285	-	-	446,340,027
Beginning & Expanding Farmer Loans	ORS 285A 420-435	-	-	
Oregon Facilities Authority	ORS 289	-	-	1,867,594,092
Multi-Family Housing Programs	ORS 456.645 & 456.692	-	-	1,501,376,914
Total Conduit or Pass Through Revenue Bonds		-	-	**$ 3,815,311,033**
Total Revenue Bonds		-	**$ 3,873,895,000**	**$ 8,969,731,033**
Appropriation Credits				
Certificates of Participation (COPs)	ORS 283 & 286A	77,370,000	77,370,000	77,370,000
Oregon Appropriation Bonds	SB 856 – 2003 Legislature			
Total Appropriation Credits		**77,370,000**	**77,370,000**	**77,370,000**
Gross Debt				**$ 17,361,576,033**
Total Debt - Less Conduit Revenue Bonds		**$ 6,363,329,600**	**$ 10,869,172,800**	**$ 13,546,265,000**

The State of Oregon Office of the Treasurer maintains debt information to assist in debt related matters. The data is based on information obtained from sources believed to be reliable; however, its accuracy cannot be guaranteed. The Office of the State Treasurer does not independently verify the information received. The State of Oregon is not responsible for the accuracy, completeness or timeliness of the information obtained and the data presented and disclaims any liability for or obligation to bond owners or others concerning the accuracy, completeness or timeliness of the data and information presented.

(1) To conform to rating agency methodologies Pension Obligation Bonds are considered Net Tax-Supported Debt.

D. Pension Obligation Bonds

On September 16, 2003, Oregonians approved the issuance of State general obligation bonds to finance part of the State's Unfunded Actuarial Liability (UAL) to the Oregon Public Employees Retirement System (OPERS). The UAL is the difference between the liability of PERS to retirees and the actuarially determined value of the assets available to pay the liability. Calculated at the then prevailing actuarial assumed rate of 8.0%, the State's portion of the pension liability was estimated to be over $2 billion.

In October 2003, the State issued $2 billion in taxable Pension Obligation Bonds (POBs). The POBs were sold at an average interest rate of 5.8%, which was 2.2% below the actuarially assumed rate of 8% then in use by OPERS. As a result, the State anticipated receiving significant budgetary savings from the reduced cost of funding its UAL. The issuance of the POBs increased the state's outstanding Net Tax-Supported debt and its debt ratios substantially.

The ultimate savings that will be achieved through the issuance of POBs depends on the overall future asset returns on the POB bond proceeds deposited in a side account at OPERS. While the costs of the POBs were known and fixed at the time of issuance, investment returns over the term of the bonds cannot be known in advance. Based on assumptions regarding the long-term rate of return of the PERS system made at the time of issuance in 2003, it was estimated that the POBs would provide nominal General Fund savings of approximately $900 million over the life of the bonds. The actual amount of savings will not be known, however, until the POB bonds are fully retired in FY 2027.

E. Private Activity Bond Allocations

Under Federal tax law, tax-exempt bonding is generally limited to the financing of capital projects, which are deemed to benefit the general public rather than private parties, allowing for a limited (de minimis) amount of tax-exempt financing for "private activity" projects. Section 146 of the IRS Tax Code defines which projects qualify as "private activity" and authorizes by formula each state's annual private activity tax-exempt bonding volume cap. PAB that is unallocated and unused for a given year are returned to the PABC as "carryforward" for allocation at the subsequent January meeting. This PAB volume cap carryforward must be used within three years for the allocated purpose, or it is permanently lost to the State, as it cannot be reallocated to any other purpose once the carryforward election is made.

Since 2017, the Oregon State Legislative Assembly has approved, through various Bond Bills, significant bonding authority under the Local Innovation and Fast Track (LIFT) program to provide "gap" funding for affordable and permanent supportive housing. As a result, there has been significant competition for PAB Committee allocations due to use of tax-exempt bonds to provide the 50% match for the Federal 4% Low Income Housing Tax Credit (LIHTC) which provides the majority of equity in each transaction. Beginning on January 1st, 2016, the required match has been reduced to 25% which would be expected to alleviate some of the allocation pressure on PAB capacity.

The US Census states that total population estimates will not be updated until the end of January 2026 due to a delay from the government shutdown. This means that we do not have final CY 2026 PAB numbers for the calendar year 2026. Our current estimate is that the PABC will have $85.8 million (excluding adjustment amount from Census).

The limited PAB Committee volume cap authority makes allocation decisions between competing economic development and local affordable housing projects a more challenging process, requiring careful thought and deliberation as to the highest and best uses of this valuable, yet limited financial resource.

II. CURRENT DEBT PICTURE IN OREGON

A. Overall Outstanding State Debt

Prior to the late 1990s, the majority of State debt outstanding was linked to the bonds issued by the Department of Veterans' Affairs (ODVA) for veterans' mortgages. Since that time, the State's debt financing, through the issuance of General Obligation Bonds, has been increasingly employed as the main vehicle to fund certain State programmatic needs as well as the backlog of infrastructure and capital needs linked to the deferred maintenance of state and higher educational facilities. Additionally, State debt is an important source of funding for improvements and maintenance of the state highways and bridges, as well as construction and renovation of state facilities, economic development efforts, and higher education projects.

General Obligation Bond Program Debt Developments. The largest growth area in terms of State GO bonded indebtedness is related to the establishment of the Article XI-Q GO bond program. In November 2010, Oregon voters authorized the sale of XI-Q general obligation bonds for state buildings, facilities, and other capital projects as an alternative to the costlier financing of these projects through Certificates of Participation (COPs). It was anticipated at the time of passage of this new bond program that the State would over time refinance most of its outstanding COPs with these higher-rated, lower cost GO bonds.

In addition to refunding $637 million in COPs with the new XI-Q GO bonds for savings, Article XI-Q GO bonds have been used to finance most new state property projects since FY 2011. Additionally, since enactment of the LIFT program by the 2015 Legislative Assembly, Article XI-Q bonds have been used to fund LIFT (and PSH) Bonds to support the funding for affordable and permanent supportive projects statewide.

General Obligation Pension and Appropriation Deficit Bonds. In 2003, the Legislature authorized several major new bonding programs, including $2.1 billion in pension obligation bonds to fund the PERS' liability and $432 million in appropriation deficit bonds. As of 2013, all of the deficit bonds have been fully retired. The State's 2003 GO Pension Obligation Bonds are scheduled to fully retire in FY 2027.

Oregon Department of Transportation Major Transportation Improvement Programs. In 2003, the Legislature authorized $1.9 billion in new Oregon Department of Transportation (ODOT) highway user tax bonds to address statewide bridge and highway modernization needs. In 2009 and again in 2017, the Legislature authorized the issuances of an additional $840 million and $480 million respectively in ODOT bonds to address highway congestion and safety issues.

In 2017, the Legislature passed House Bill 2017, known as "Keep Oregon Moving," (KOM) to address three identified priorities: 1) to protect, preserve and maintain the State's transportation system; 2) to address the effects of congestion, particularly in the Portland metro region; and 3) to increase investment in public transportation in both urban and rural areas. KOM authorized the issuance of $480 million in Highway User Tax Revenue Bonds to finance transportation projects across the State and allocated $30 million annually to fund ODOT's Regional Mobility Program, which seeks to make improvement to the Interstate 5 Rose Quarter Project and address congestion mitigation and safety in that urban corridor.

The 2021 Legislature enacted HB 3055 Bill which 1) increased ODOT's short-term borrowing limit to $600 million from $100 million that may be repaid from any available funds of ODOT; 2) expands the use of the $30 million, previously allocated to the Interstate 5 Rose Quarter Project to other projects including I-205 Improvements, Interstate 5 Boone Bridge and Seismic Improvement

Project and implementation of toll projects under ORS 383.150. The 2025-27 Biennium Bond Bill authorized a total of $860 million in net proceeds of ODOT HUTR Bonds to finance transportation projects across the state.

Transportation. The 2025 Legislature authorized $252 million in General Fund-supported GO bonds under Article XI, Section 7, to fund a portion of the Interstate 5 Bridge Replacement Project. This project will be administered by the Oregon Department of Transportation and is anticipated to take multiple biennia to complete. The State of Oregon and the State of Washington have both committed to funding $1 billion towards the replacement of the Interstate 5 Bridge which will help leverage and maximize federal funding for the remaining costs.

ADA. The 2025 Legislature authorized $345 million in Grant Anticipated Revenue bonds, which are paid with a mixture of federal grant revenue and highway user taxes, to fund bringing curb ramps in compliance with the Americans with Disabilities Act as part of the 2016 Association of Oregon Centers for Independent Living settlement. This project is planned to update over 25,000 curb ramps across the state.

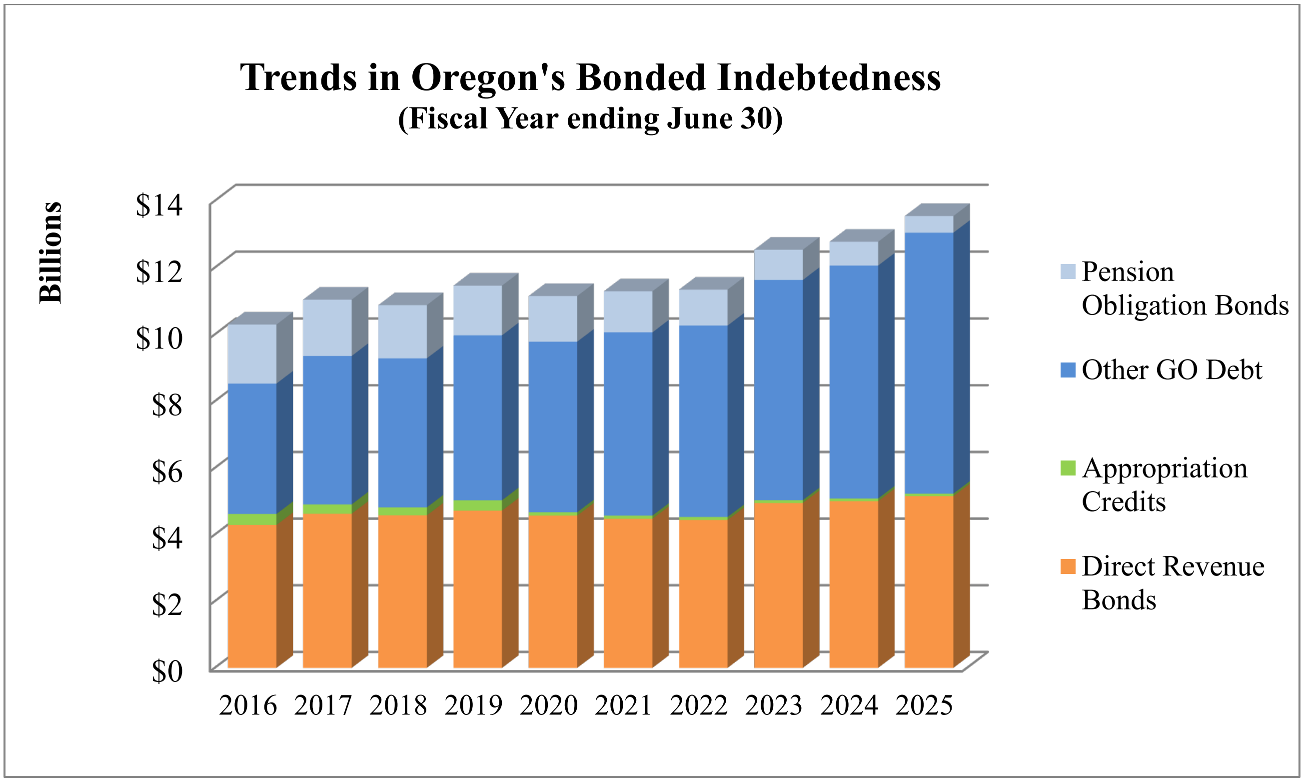
Outstanding State Debt Trends. Oregon’s combined long-term general obligation, appropriation and revenue bond debt outstanding was $13.55 billion as of June 30, 2025. This represents an increase of $0.77 billion compared to the $12.78 billion recorded at the end of the 2024 fiscal year. Overall State debt levels have increased steadily over the last 10 years, and the mix of debt outstanding has shifted, with the reduction in outstanding appropriation debt replaced with GO bonds.

In particular, Article XI-Q GO debt outstanding as of June 30, 2025, is $4.15 billion and represents 50% of the $8.31 billion State’s total general obligation indebtedness. Article XI-Q bonds are issued to finance state-owned or operated real or personal property including improvements to educational institutions, state facilities for judicial, police, military and more recently to provide needed gap funding for affordable and permanent and supportive housing through the LIFT Housing Program.

The next largest component are the Article XI-G bonds (Community College and Higher Education), which have an outstanding principal of $987 million or 12% of all GO indebtedness.

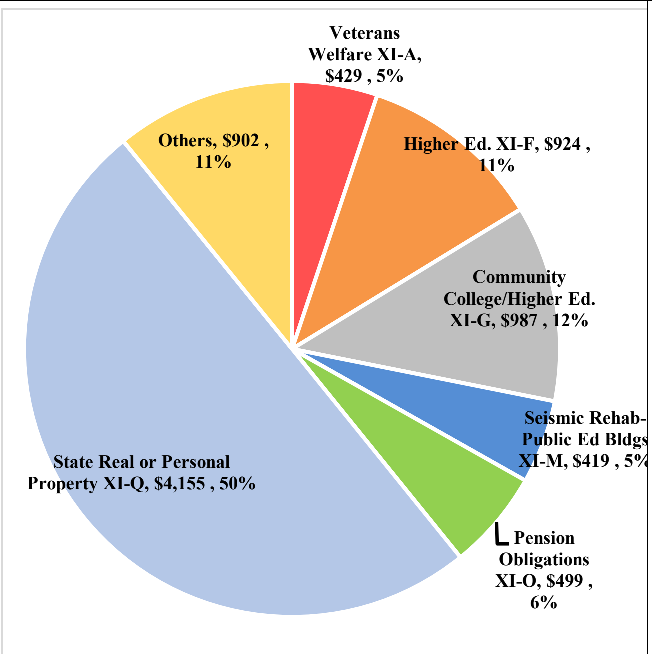
Exhibit II.1 shows a 10-year history of the State’s total outstanding debt by major category from fiscal years ending 2016 to 2025. This exhibit shows that overall state debt has grown since 2022 after remaining relatively constant over the prior decade. The components of overall state debt have also changed during this ten-year time frame, with general obligation debt replacing appropriation credit debt as the source of financing for most state capital projects.

Exhibit II.1

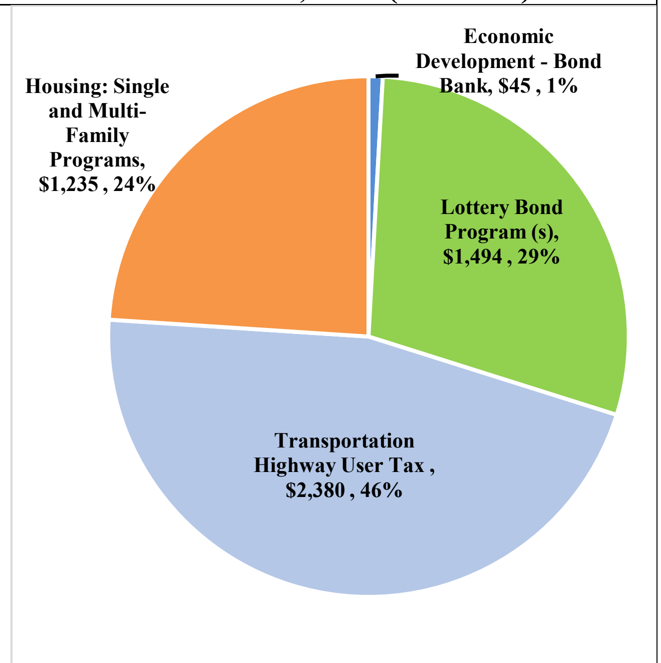


Current Composition of General Obligation and Direct Revenue Bonds. The following charts highlight the composition of general obligation and appropriation debt and direct revenue bonds for FY 2025.

Outstanding General Obligation Debt
By Constitutional Authority
as of June 30, 2025 ($ Million)



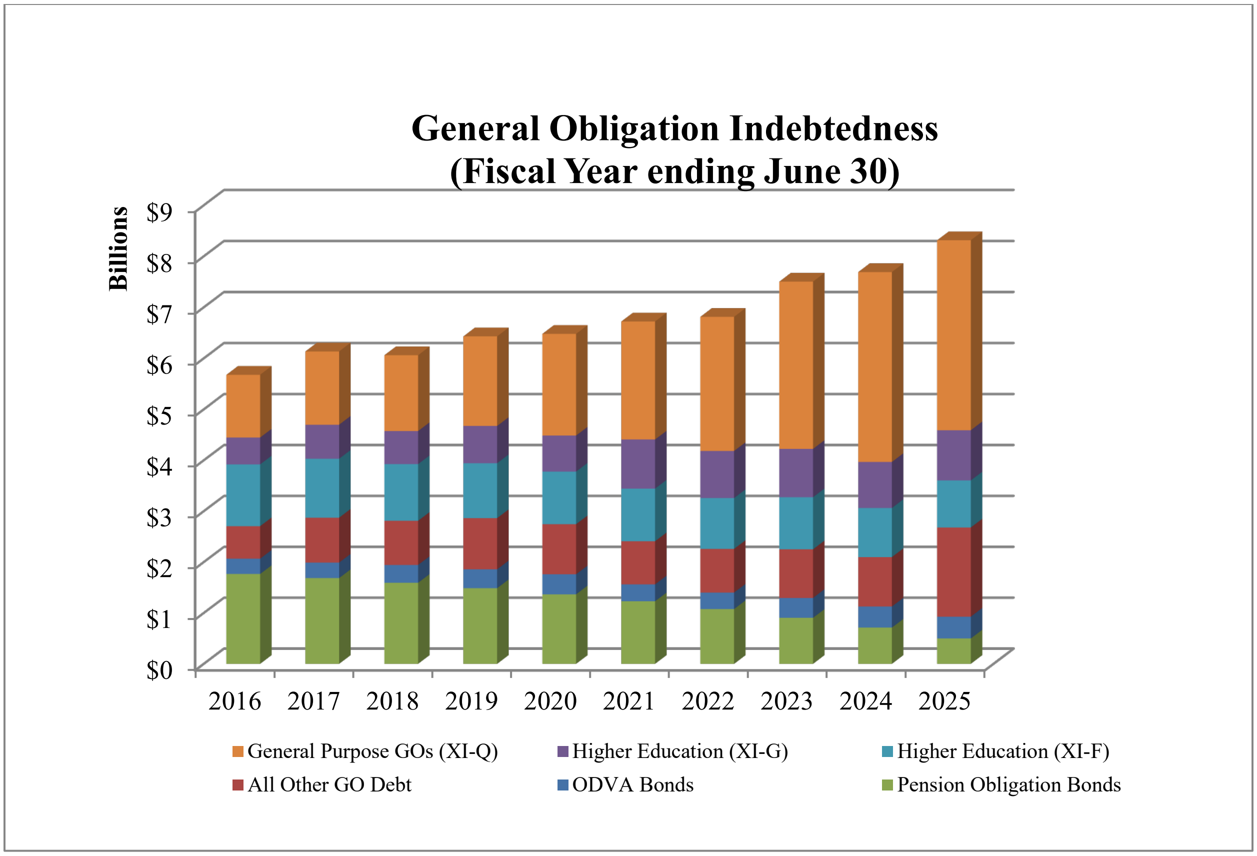
Outstanding Direct Revenue Debt
By Program
as of June 30, 2025 ($ Million)



Composition of General Obligation Bonds. *Exhibit II.2* provides more detail on the underlying components of this growth in State general obligation indebtedness. Overall outstanding State general obligation indebtedness totaled $8.31 billion at the end of FY 2025, representing an increase of approximately $2.73 billion over the levels reported 10 years ago. Due to the use of Article XI-Q bonds as the primary funding source for state owned and operated projects, as of June 30, 2025, there was $4.15 billion in XI-Q GO bonds outstanding, and $77 million in COPs remaining.

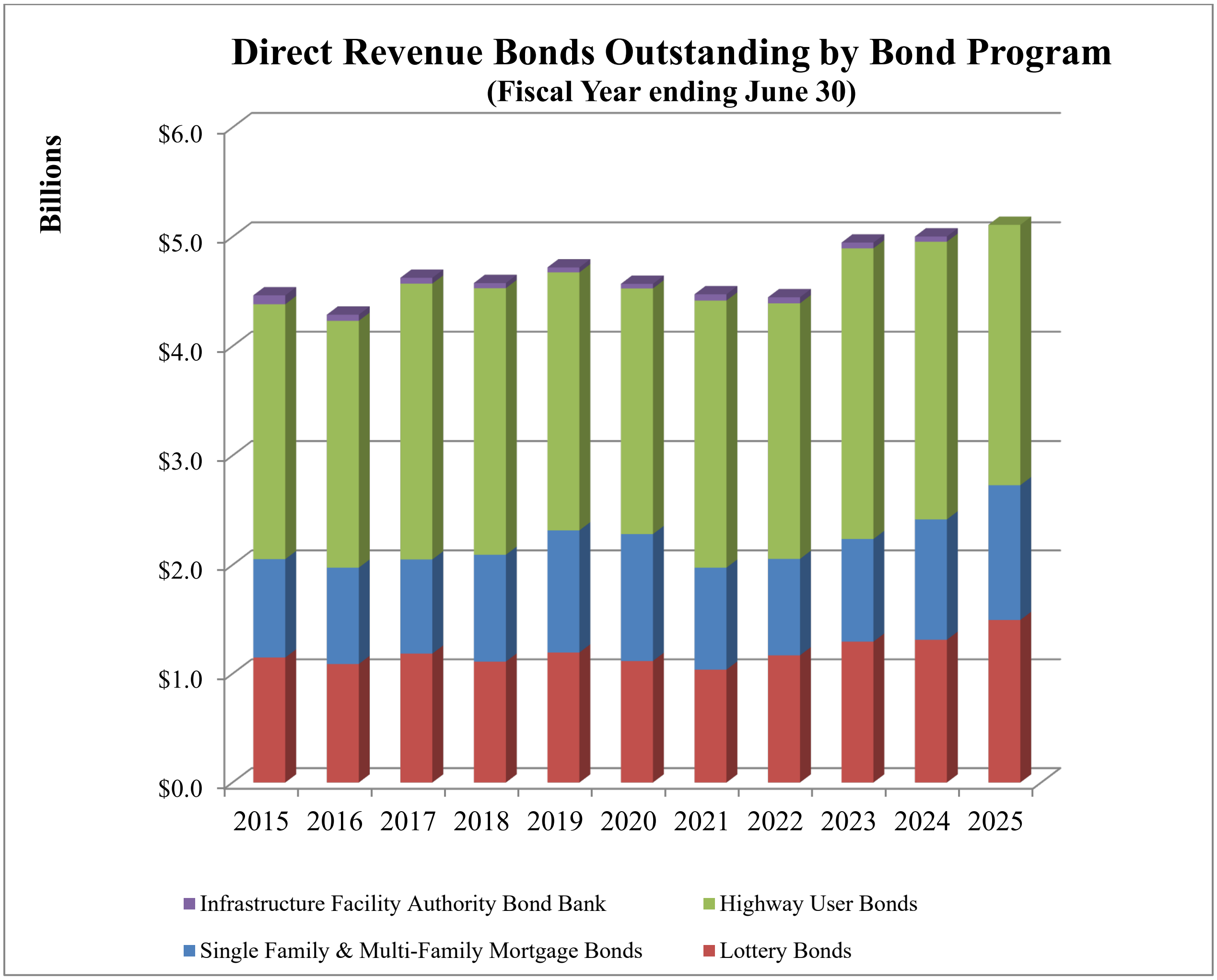
There has also been a modest increase over the decade in the issuance of Higher Education GO bonds (both Article XI-G and XI-F (1) bonds) which fund public university capital projects; on a combined basis, higher education indebtedness has grown from $1.75 billion 10 years ago to $1.91 billion in FY 2025.

Exhibit II.2


General Obligation Indebtedness
(Fiscal Year ending June 30)
Billions
$9
$8
$7
$6
$5
$4
$3
$2
$1
$0
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
General Purpose GOs (XI-Q)
Higher Education (XI-G)
Higher Education (XI-F)
All Other GO Debt
ODVA Bonds
Pension Obligation Bonds

Components of Direct Revenue Bonds. As seen in *Exhibit II.3*, both the overall and individual components of State direct revenue bonds outstanding have increased mildly over the past 10 years, as existing revenue debt has been extinguished at a slower rate than new revenue debt has been issued. Over this time frame, outstanding revenue bonds for lottery-backed bonds remained somewhat constant, reflecting the balanced state approach of issuing new lottery bonds in amounts roughly equal to the amount of lottery debt that is retired each year.

Exhibit II.3



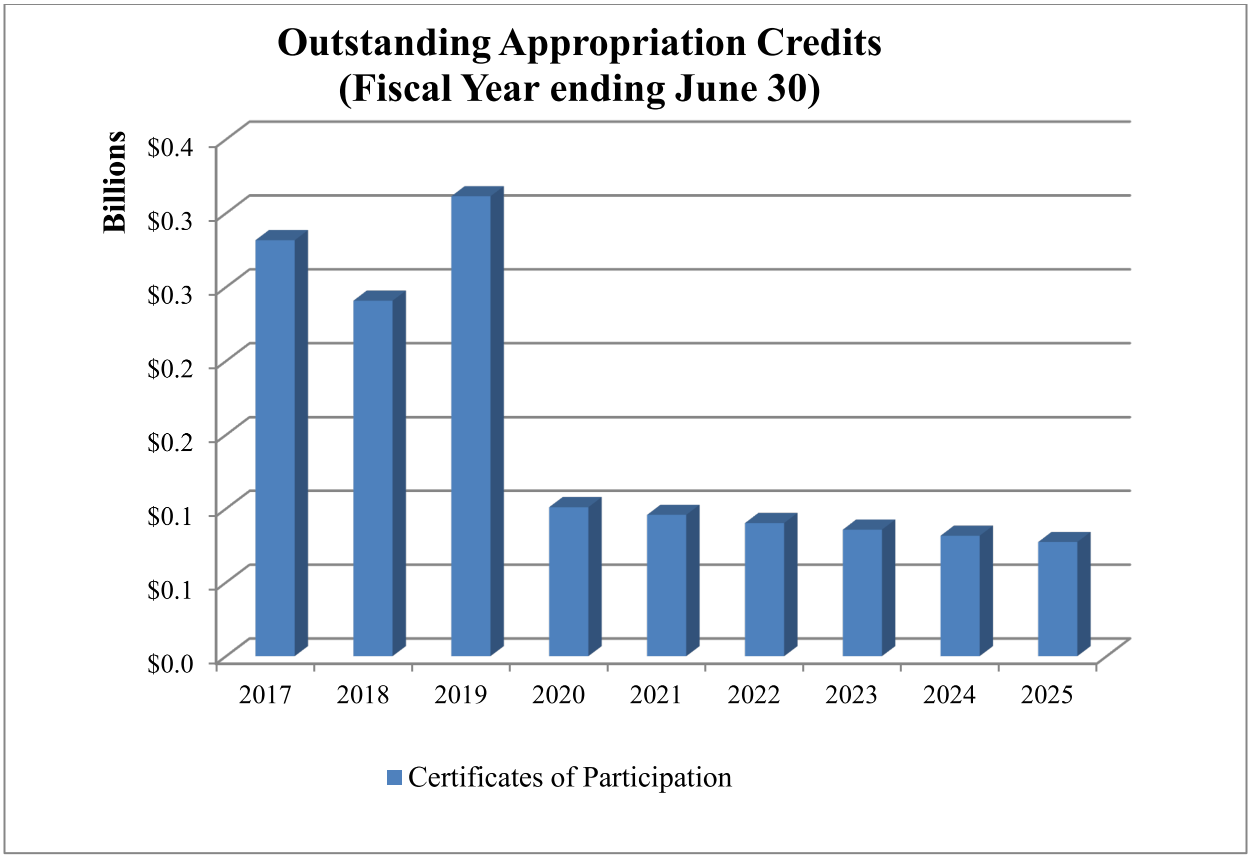
Certificates of Participation (COPs) and Appropriation Bonds. Appropriation obligations include both COPs and Appropriation bonds. The amount of appropriation obligations that can be issued is determined by the legislature each biennium. The State's original use of COPs was related to the passage of Ballot Measure 11 in 1994. Measure 11 created mandatory minimum penalties for specified crimes and required that juveniles charged with certain violent crimes be tried and sentenced as adults. At the time, there was not a constitutional provision that allowed for the issuance of GO bonds to fund general purpose state facilities. Therefore, COPs were used to fund the construction of adult and juvenile prisons and correctional facilities mandated by Measure 11. COPs were later used to fund the replacement of the aging Oregon State Hospital in Salem.

The first and only authorized issue of State of Oregon Appropriation Bonds occurred in April 2003 in the amount of $431.6 million. The bonds were authorized by Senate Bill 856 (2003) and enacted by the 2003 Legislature Assembly for the purpose of financing a portion of the State's budget deficit which occurred towards the end of the 2001-03 biennium. These bonds were structured with a ten-year term and were paid off in full in September 2013.

In 2010, the Oregon electorate approved the issuance of lower cost Article XI-Q general obligation bonds for State real or personal property projects. Since that time, $637 million of COPs have been refunded as Article XI-Q GO bonds. Future issuance of COPs will be used primarily in instances where the projects do not meet Article XI-Q GO bonds eligibility. One such case and the only remaining COP is the March 2019 financing of $100 million in new COPs to fund the partial decoupling of the Elliott State Forest from the Common School Fund.

Exhibit II.4 illustrates appropriation credit issuance history through fiscal year ending June 30, 2025.

Exhibit II.4


Outstanding Appropriation Credits
(Fiscal Year ending June 30)
Billions
$0.4
$0.3
$0.3
$0.2
$0.2
$0.1
$0.1
$0.0
2017
2018
2019
2020
2021
2022
2023
2024
2025
Certificates of Participation

B. Future Capital Needs of the State of Oregon

The State of Oregon has current and future capital needs related to maintaining aging, state-owned facilities (the mean age is 40 years). As of FY 2024, the State-owned facility portfolio, excluding public university facilities, was approximately 23 million gross square feet (MGSF) located in over 5,100 buildings and grounds with a replacement value of approximately $11.3 billion. Delaying ongoing maintenance, repairs, and timely system replacements to the point that major renovations are required to maintain safe and adequate usage will cost significantly more. To the extent agency operating budgets are not sufficient to address ordinary maintenance and repairs of state facilities, this unmet need will continue to put pressure on the state's limited debt capacity to address deferred maintenance through extensive and expensive renovation projects.

ORS 276.227 requires the Department of Administrative Services (DAS) to establish a statewide planning process to evaluate the needs of the State's facilities, provide information on the condition of such facilities, establish guidelines for acquiring and maintaining facilities and provide financing and budgeting strategies to allocate resources to facilities' needs. In addition, state agencies are charged with implementing long-range maintenance and management plans to ensure that facilities are maintained in good repair and the useful lives of facilities are maximized. To assist agencies and the Legislature in prioritizing investment to steward the state's real estate assets, DAS implemented an initiative to collect detailed conditions information, including seismic and natural hazard risk assessments, on state-owned facilities. Using a statewide, programmatic approach, facility condition assessment (FCA) services were offered in the 2013-15 and 2015-17 biennia to agencies in an effort to ensure a consistent assessment methodology and uniform measure of facilities condition. During the 2017-19 biennium, several agencies self-funded facility condition assessments.

Facility Condition Assessment. By the end of FY 2019, a total of 17 state agencies, comprising approximately 75% of agency-owned facility and grounds gross square footage, completed facility conditions assessments of major buildings and campuses. At the time of these facility assessments, the capital renewal and deferred maintenance needs for 10 years for assessed buildings were estimated to cost over $1.2 billion. This is estimated to have grown to $1.8 billion over the next 10 years as of the date of this report.

The FCA process also revealed there is a great deal of variation in the condition of state buildings and facilities by agency, as shown below in *Exhibit II.5*, with Public Safety Standards, Agriculture and PERS buildings ranked in good condition based on the Facility Condition Index (FCI) methodology shown below, with the balance of state agencies' buildings and infrastructure ranked in fair to poor condition. The FCI rating is based on a calculation of the cost of deferred maintenance and capital renewal needed for a given building compared to its current replacement value.

The table below lists how each building's FCI is calculated:

FCI (%) = Facility Need (Capital Renewal and Deferred Maintenance Cost) / Current Replacement Value 0% to 5% - Good condition 5% to 10% - Fair condition 10% to 60% - Poor condition Greater than 60% - Very poor condition

The FCA analysis conducted by DAS also suggests that if additional resources are not dedicated over the course of the coming decade to the on-going funding of capital renewal and deferred maintenance, most state agency buildings and infrastructure will decline to the poor condition FCI level by FY 2030.

Exhibit II.5

ASSESSED AGENCY CURRENT/10-YEAR FCI

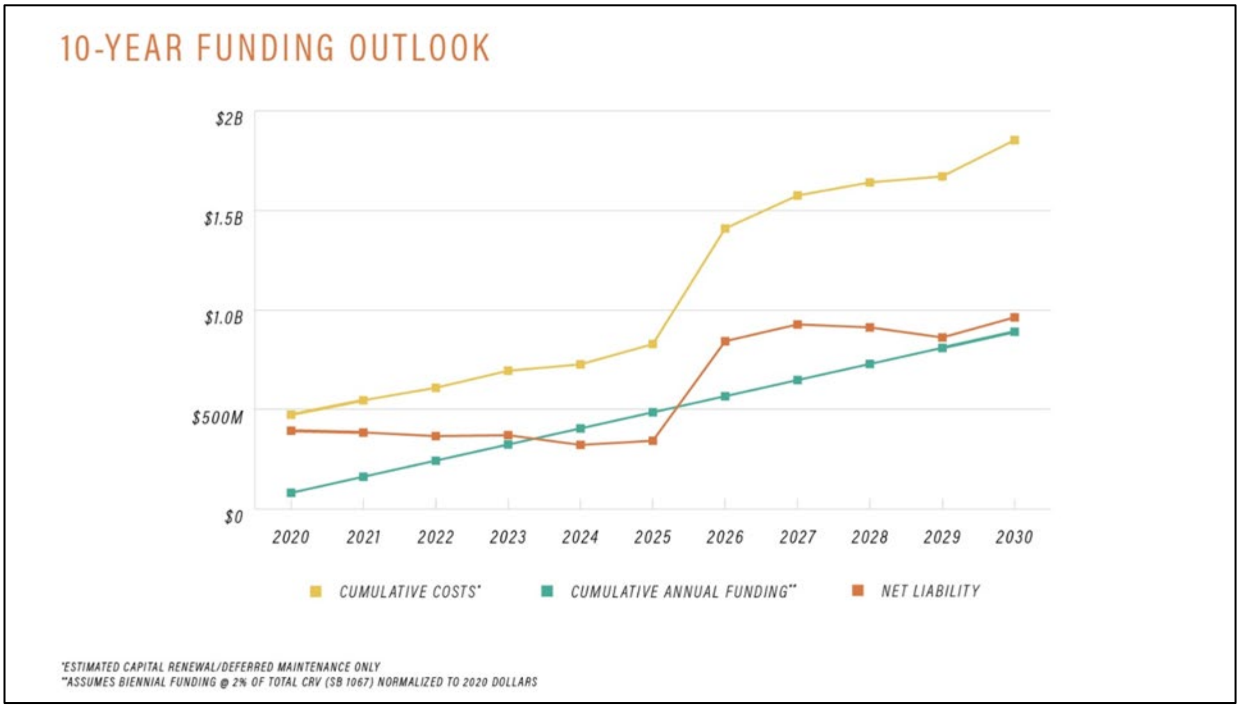
ASSESSED AGENCY	CURRENT FCI	CURRENT CONDITIONS	10-YEAR FCI (UNFUNDED	10-YEAR CONDITION
ADMINISTRATIVE SERVICES (DAS)	9.2%	FAIR	22.7%	POOR
PUBLIC SAFETY STANDARDS (DPSST)	0.6%	GOOD	20.8%	POOR
STATE LANDS (DSL)	19.3%	POOR	22.5%	POOR
AGRICULTURE (ODA)	0.1%	GOOD	0.1%	GOOD
AVIATION	14.2%	POOR	14.6%	POOR
CORRECTIONS (DOC)	10.9%	POOR	19.5%	POOR
EDUCATION (ODE)	30.4%	POOR	34.3%	POOR
FISH AND WILDLIFE (ODFW)	31.0%	POOR	40.4%	POOR
FORESTRY (ODF)	10.8%	POOR	28.1%	POOR
TRANSPORTATION (ODOT)	20.1%	POOR	20.1%	POOR
VETERANS AFFAIRS (ODVA)	6.0%	FAIR	10.0%	FAIR/ POOR
EMPLOYMENT (OED)	39.9%	POOR	50.2%	POOR
LIQUOR AND CANNABIS COMMISSION (OLCC)	11.8%	POOR	27.8%	POOR
MILITARY (OMD)	16.8%	POOR	24.4%	POOR
PARKS & RECREATION (OPRD)	NA	NA	NA	NA
STATE HOSPITAL (OSH)	NA	NA	NA	NA
STATE POLICE (OSP)	18.6%	POOR	23.6%	POOR
YOUTH AUTHORITY (OYA)	14.0%	POOR	24.8%	POOR
PERS	0.3%	GOOD	0.3%	GOOD

Source: Department of Administrative Services

Given the results of the FCA analysis and the long-term savings that can be achieved by the State through the annual funding of on-going maintenance and repair of existing State facilities, the 2017 Legislature is credited for the passage of SB 1067, which will help the State take a more proactive approach to addressing the then projected $1.2 billion in deferred maintenance and capital renewal funding estimated to be needed for the ensuing years. SB 1067 requires that future Governors' Budgets include funding of deferred maintenance and capital improvements on existing state-owned buildings and infrastructure, with minimum funding set at 2% of their current replacement value. As used in this context, the bill's definition of "state-owned buildings and infrastructure" excludes buildings and infrastructure owned or used by public universities and community colleges or the state's transportation infrastructure, such as its roads and bridges.

The 2025 State Legislature approved funding deferred maintenance and capital improvements at approximately 3% of the estimated current replacement value of state-owned buildings and infrastructure, for the 2025-27 Biennium. Based on the 2% per biennium formula and the current replacement value, at the time of budget approval, of $8 billion for state-owned buildings and infrastructure, DAS projected a minimum funding level of $160 million per biennium was needed. It is believed an investment at this level would effectively equalize with annual needs for deferred maintenance and capital renewal by FY2029, as shown in *Exhibit II.6*

Exhibit II.6



Source: Department of Administrative Services

Seismic and flood risk analyses have been completed for over 115 select DAS, Oregon Youth Authority, and Oregon Liquor Control Commission buildings. For the remaining 14 assessed agencies, the FEMA Rapid Visual Screening portion of facility risk assessments are complete. The benefit-cost analysis recommended rehabilitation or replacement approach, and other mitigation prioritization, would require additional technical expertise to complete, and could occur as funding is provided by the Legislature. Additional funding of FCA analyses over time would allow the State to proactively monitor state buildings and infrastructure.

In addition to upgrading state buildings, the State Legislature established grant programs funded with State bonds to incentivize Oregon local governments to address a myriad of their deferred maintenance and unmet capital needs (e.g., seismic retrofit of public school and public safety buildings, the creation of more affordable housing, county courthouse renovation and/or replacement, the development of new agricultural water infrastructure, and K-12 school capital improvements). While highly important to the State's long-term economic viability, growth in these bond-funded grant programs has and will continue to put pressure on the State's limited debt capacity.

Below is a list of some of the most pressing capital needs that have been identified as of the date of this report that were either funded in the 2025-27 Biennium and/or will likely require funding in the future. This list includes projects that were authorized to be funded with lottery bonds during the 2025-27 Biennium; however, it should be noted the issuance of lottery bonds is dependent upon meeting the additional bonds tests of four times coverage of actual and projected revenues to debt service as required by the Master Indenture that governs lottery revenue bonds.

Public Safety

Both the Oregon Youth Authority (OYA) and the Department of Corrections (DOC) have significant backlogs of deferred maintenance on their facilities, for which a combined $84 million of Article XI-Q bonds was authorized in the 2025-27 Biennium. OYA maintains a 10-year strategic facilities plan that addresses the age and condition of their facilities; environmental issues; needed seismic upgrades; and handicap access to the appropriate types of space for OYA programs related to treatment, recreation, housing, visitation, education, and vocational training. The plan identified facility maintenance and renovation needs estimated at over $60 million in 2024. OYA's 2024 Facilities Condition Assessment (FCA) report identified immediate as well as long term facility needs over a 10-year horizon. These findings along with a programmatic transformation in how youth are housed, inform OYA's future facility disposition and consolidation strategy.

At over 5.5 MGSF, DOC has the largest facility portfolio of all state agencies. Many of these critical facilities are very old and in poor condition, despite a regular program of maintenance within the context of limited resources. DOC's priority deferred maintenance and capital renewal needs were reported at $350 million in 2024. DOC will need significant on-going funding to address accumulated deferred maintenance and capital renewal needs, as well as strategic seismic retrofits to many of its facilities.

The Oregon Military Department (OMD) identified over $100 million in deferred maintenance and capital renewal needs in 2018, including new construction and maintenance/renovation projects at armories, readiness centers and other OMD facilities located throughout the state. The 2025 Legislature authorized issuance of $15.8 million of XI-Q bonds to match with federal funds to construct and upgrade multiple OMD facilities.

The Department of Public Safety Standards and Training was authorized for $3.3 million in XI-Q bonds for deferred maintenance needs identified by a Facility Condition Assessment at the Oregon Public Safety Academy campus. The Public Safety Academy is a 235-acre campus, which consists of 23 buildings with 336,000 square feet of space.

In addition, $10.9 million of XI-Q bonds were approved for the Oregon State Police to replace the patrol office in Springfield as well as to acquire property for a new Area Command Center.

Education

Oregon's public universities have significant projected capital needs that include deferred maintenance of classrooms, dormitories, and other educational facilities. All seven public universities are governed by independent boards that are autonomous from State government and have legislative authority to issue revenue bonds to fund their capital needs. However, given the State's financial resources and superior credit rating, it is likely that a significant portion of the future capital improvements at public universities will continue to be funded through the issuance of State General Obligation (GO) bonds to fund a combination of grants and loans from the Higher Education Coordinating Commission (HECC) to the universities. To the extent that grants, rather than loans, are provided by the State, the capital needs of universities will continue to use a significant portion of available General Fund debt capacity.

In 2019, HECC developed a 10-year strategic capital plan for Oregon's public universities that took into account both long-term demographic trends and the state's educational attainment goals for its citizens. The plan provides strategic guidance for maintaining and upgrading the public university capital asset portfolio through FY 2029 and will be helpful to HECC and the Legislature in future decision-making regarding the prioritization of bonding and capital budget recommendations. The most significant recommendation of this report is to prioritize the improvement and renewal of existing higher education capital assets, as demographic trends suggest limited future enrollment growth at all except a few public universities in Oregon. The report notes that national facility management "best practice" calls for investing at least 2.5% of the current replacement value per year in capital renewal of existing assets, which would translate into approximately $250 million per year for the public university capital asset portfolio.

For the 2025-27 Biennium, approximately $315 million of General Fund-Supported GO bonds (both XI-G bonds and XI-Q bonds) were authorized in the 2025 legislative session to fund grants for public university capital projects. In addition, the 2025 Legislature authorized approximately $36 million in General Fund-Supported Article XI-G bonds for community college construction projects.

The issuance of $50 million of general obligation bonds under Article XI-P was authorized for the 2025-27 Biennium to provide matching funds to finance the capital costs of school districts. Capital costs include costs associated with acquisition, construction, improvement, maintenance or furnishing school facilities. The grant program is administered by the Department of Education in accordance with established grant eligibility and award requirements. Given the condition of many school district facilities and the anticipated demand for matching grant monies, this program will likely need a significant portion of the state's General Fund debt capacity in future biennia.

Also authorized during the 2025 legislative session was nearly $17 million in Lottery bonds for federal matching grants for the purpose of providing high-speed broadband access to K-12 educational facilities in the State. This grant program is administered by the Department of Education in accordance with established grant eligibility and award requirements.

Economic and Community Development

The Oregon Business Development Department (OBDD) administers the Seismic Rehabilitation grant program for seismic upgrade of public schools and public emergency services facilities within the state. The 2025-27 Biennium Bond Bill authorized the issuance of $101 million in Article XI-M Seismic Rehabilitation GO bonds for public school seismic projects and $51 million of Article XI-N Seismic Rehabilitation GO bonds for emergency services facilities.

OBDD also administers the Special Public Works Fund (SPWF). For the 2025-27 Biennium, the Legislature authorized $22 million in Lottery Revenue Bonds to recapitalize the SPWF to provide grants or low interest loans to local governments for qualifying infrastructure projects and an additional $11 million in Lottery Revenue Bonds specifically for levee improvement projects. In addition, the 2025 Legislature authorized $101 million in Article XI-Q bonds for modifications to the Coos Bay Navigation Channel.

Given the shortage of affordable housing in Oregon, the 2025 Legislature authorized the issuance of $650 million of Article XI-Q bonds and $59 million of Lottery Bonds for low-income housing projects through Oregon Housing and Community Services.

Natural Resources

Water is essential for economic growth, environmental health, and the welfare of all Oregonians. Traditionally, the State of Oregon has left the development of water supply infrastructure to local entities and the federal government. In recognition of declining federal support and a rapidly increasing need for water infrastructure to meet Oregon's current and future instream and out of stream water needs, SB 839 (2013) established the foundation for a state grant and loan program for integrated water resources development in Oregon. This program was initially capitalized with the issuance of Lottery bonds during the 2013-15 biennium. The 2025 Legislature authorized nearly $9 million in Lottery bonds for water supply development projects during the 2025-27 Biennium.

The buildings and infrastructure of natural resource agencies are specialized, widely dispersed and aging. Both the Oregon Department of Fish and Wildlife (ODFW) and Oregon Department of Forestry (ODF) have completed the FCAs of all their major facilities and facilities in the proximity of those facilities. ODF's six regions have deferred maintenance of $21 million and $46 million in capital renewal needs by 2028. ODFW's buildings' deferred maintenance and capital renewal needs are $16 million (2018) and $30 million (2028) respectively; however, adding in their civil infrastructure (fish ladders, tanks, etc.) is expected to double these costs. The 2025 Legislature approved $20 million of XI-Q bonds for capital improvements to ODFW hatchery facilities and $10 million of XI-Q bonds for ODF facilities.

Judicial

The Oregon Judicial Department administers a grant program funded through the issuance of Article XI-Q GO bonds to finance costs related to acquiring, constructing, remodeling, repairing, or furnishing county courthouses that are owned or operated by the State of Oregon. For the 2025-27 Biennium, approximately $2.5 million in XI-Q bonds were authorized in the 2025 legislative session to fund one courthouse project. There is likely to be continued demand for state debt capacity for courthouse projects, particularly for replacement projects in which construction may span multiple biennia.

Transportation

The 2025 Legislature authorized $252 million in General Fund-supported GO bonds under Article XI, Section 7, to fund a portion of the Interstate 5 Bridge Replacement Project. This project will be administered by the Oregon Department of Transportation and is anticipated to take multiple biennia to complete. The State of Oregon and the State of Washington have both committed to funding $1 billion towards the replacement of the Interstate 5 Bridge which will help leverage and maximize federal funding for the remaining costs.

Also, the 2025 Legislature authorized $50 million of Lottery bonds to fund a portion of the Hood River-White Salmon Bridge replacement project. This project will be administered by the Oregon Department of Transportation and is anticipated to take multiple biennia to complete. Replacement of the Hood River-White Salem Bridge is estimated to cost $500 million and is a joint project with the State of Washington. The State of Oregon and the State of Washington are both expected to fund $125 million which will help leverage and maximize federal and other funding sources for the remaining costs.

Other Capital Needs

In addition to the projects already mentioned above, $326 million of Lottery bonds were authorized in the 2025 legislative session to provide proceeds to fund regional and community projects across Oregon. In recent biennia, the Legislative Assembly authorized the issuance of Lottery Revenue bonds to fund a wide range of Oregon regional and community economic development needs, including dredging and other port improvements, trade centers, new irrigation systems, forest land acquisition, transit system expansions, parking garages, levee improvements, water systems and wastewater treatment plants, emergency services building improvements, and matching funds for federal disaster assistance. Often, these types of projects are not financially feasible without the Legislature's allocation of Lottery bond proceeds for these purposes; thus, continued demand for these community needs can be expected in future biennia.

Other bonding needs include the funding of large-scale IT system development and upgrades. These systems include the Department of Revenue Electronic Valuation Information System, the Department of Corrections Computerized Maintenance Management System, the DOC Institution

Staff Deployment System, the Department of Justice Legal Tools Replacement System, the Department of Public Safety Standards and Training Learning Management System, the Department of Agriculture OneODA project, the Oregon Public Defense Commission Financial Case Management System, and the Oregon Youth Authority Juvenile Justice Information System. These projects were at least partially funded in 2025-27 through a total of $52 million in Article XI-Q GO bonds; if implementation is not completed by the end of the biennium, these projects will likely require continued state debt financing during the 2027-29 Biennium.

C. Department of Transportation Highway User Tax Revenue Bond Program

The Oregon Department of Transportation (ODOT) is authorized to issue Highway User Tax Revenue (HUTR) bonds pursuant to ORS 367.609 through ORS 367.665 for the purpose of building and maintaining permanent public roads. Subject to Article IX Section 3a of the Oregon Constitution, ODOT may use bond proceeds issued herein to finance eligible expenditures through ODOT's "Pledged Revenues," which consist primarily of motor fuels taxes, DMV fees, and weight-mile taxes and may include other fees and taxes.

In 2003, the Legislature authorized $1.9 billion in new ODOT HUTR bonds to address statewide bridge and highway modernization needs under the Oregon Transportation Investment Act (OTIA). In 2009 an additional $840 million of HUTR to fund projects under the Jobs and Transportation Act (JTA). All bond authorized for OTIA and the JTA have been issued.

In 2017, the Legislature passed House Bill 2017, known as "Keep Oregon Moving," (KOM) to address three identified priorities: 1) to protect, preserve and maintain the State's transportation system; 2) to address the effects of congestion, particularly in the Portland metro region; and 3) to increase investment in public transportation in both urban and rural areas. With all new revenue sources now fully phased in, KOM is expected to result in investment of more than $600 million a year across all modes of the State's transportation system, representing the State's largest transportation investment in Oregon's history.

In addition, HB 3055, enacted by the 2021 Legislature, expanded ODOT's short-term borrowing limit to $600 million from $100 million that may be repaid from any available funds of ODOT. It also expanded the use of the $30 million previously allocated to the Interstate 5 Rose Quarter Project to other projects including I-205 Improvements, Interstate 5 Boone Bridge and Seismic Improvement Project, and implementation of toll projects under ORS 383.150, known as ODOT's Urban Mobility Strategy.

KOM authorized the issuance of $480 million in Highway User Tax Revenue Bonds to finance transportation projects across the State and allocated $30 million annually to fund ODOT's Urban Mobility Strategy, which seeks to make improvement to the Interstate 5 Rose Quarter Project and address congestion mitigation and safety in that urban corridor. The $30 million allocation may be used to pay debt service, effectively raising bond authority under HB 2017 to $950-$1,000 million. The State has so far issued the full $480 in KOM bonds, and leveraged the first $16 million/year allocation for ODOT's Urban Mobility Strategy with the final half to be issued in FY 2025 as the KOM projects are well-underway.

In November 2022, ODOT launched its inaugural Commercial Paper Program with an authorized issuance of $500 million under its short-term debt issuance authority pursuant to ORS 367.105.

This program provides short-term financing and liquidity to assist ODOT in advancing major projects. Short-term program debt is not included in Net Tax-Supported Debt.

The 2025-27 Biennium Bond Bill authorized a total of $850 million in net proceeds of ODOT HUTR Bonds to finance transportation projects across the State.

D. Corporate Activity Tax (CAT)

During the 2019 Regular Session, the Oregon Legislative Assembly passed HB 3427-A (known as the Student Success Act), which became effective in January 2020. The Act (ORS 317A) levies a Corporate Activity Tax based on commercial activity conducted by businesses. Monies raised under this Act will be used to fund various educational enhancement initiatives statewide. Estimated collections are continuing to come in below expectations due in part to lower refunds, which are applied forward as estimated payments. In the latest forecast, estimate for the biennium is lower by $31 million

In addition to funding educational enhancement initiatives, the CAT has the benefit of diversifying the State's revenues and reducing our reliance on personal income tax to provide critical services to Oregonians. It further provides funding that is not subject to the personal income tax kicker. The diversification benefit and potential to reduce volatility in State budget is viewed positively by the credit rating agencies and enhances fiscal and social sustainability efforts.

E. Funding of Wildfires: Remediation and Prevention

The State manages the costs of firefighting through various resources, which vary depending on the severity of the fire and the responsible parties based on the location of the fire. Some fires, including both the 2020 Labor Day Fires and the Bootleg Fire, are declared a federal emergency, which permitted the use of FEMA funds to combat the fire and provide additional funds for future wildfire hazard mitigation. The total net cost of the 2021 fire season for emergency firefighting, after taking into consideration anticipated reimbursements, did not present a significant cost to the General Fund, particularly since the majority of the Bootleg Fire was on federal land. However, the cumulative net cost of the 2021 wildfires reached the threshold for using resources provided through the State's fire insurance policy.

As part of the State's response to the 2020 Labor Day Fires, multiple pieces of legislation were enacted to allocate approximately $484 million from the General Fund, proceeds of Lottery Revenue Bonds, and ARPA funds to aid wildfire recovery and prevention efforts, provide support to communities impacted by the 2020 Labor Day Fires, and protect against future fires. These legislative actions include funds for various recovery and rebuilding efforts related to water infrastructure, housing support, fire and public safety infrastructure, hazardous waste, and debris removal, and more.

In addition, in 2021 the Legislative Assembly approved a special purpose appropriation of $150 million to the Emergency Board for allocation for the State's natural disaster prevention, preparedness, response, and recovery activities. To access any of this special purpose appropriation, State agencies were required to formally request use of these General Fund resources from the Emergency Board. Also, legislation was enacted to provide approximately $220 million for implementing a comprehensive statewide strategy to promote wildfire risk reduction, response, and recovery.

Oregon's 2025 wildfire season was characterized by a significant decrease in total acreage burned compared to 2024, yet it saw a higher-than-average loss of homes and structures. Approximately 339,000 acres burned across the state—well below the record 1.9 million acres lost the previous year. But at least 205 structures were destroyed, including 200 homes.

F. Other Potential Impacts on State Debt Capacity

To date, the use of bond proceeds has not been authorized by the legislature to assist in the structured settlement of large lawsuits against the State of Oregon. However, there are examples of other jurisdictions around the country issuing "judgment obligation" bonds for this purpose. Since the Oregon Constitution restricts general obligation bond issuance to a limited range of voter-approved purposes, the use of bonding for large lawsuit settlements would be restricted to appropriation-based debt.

If a plaintiff obtained a significantly large enough judgment resulting in long-term liability against the State this long-term liability would likely be considered by rating agencies and others as part of the State's general fund "indebtedness" and factored into its debt capacity. The $1.065 billion judgment in the lawsuit brought by several Oregon counties and special districts regarding unrealized forest revenues, which has since been reversed by the Oregon Court of Appeals, was an example of a large judgment that implicated those considerations. The Legislature and Governor should remain mindful of these types of judgments and the long-term budget implications that judgments of this nature can have on the State's General Fund-Supported debt capacity.

G. Timing of State Bond Sales

In addition to determining the specific projects that will be authorized for bonding in the biennial Bond Bill, the Legislature in recent years has also directed the specific timing of State bond sales by delaying the appropriation of debt service on State funded projects until the following biennium. As a result, the majority of State General Obligation and Lottery Revenue Bonds have been sold during the last few months of the biennium in which they were initially authorized. While this strategy may have been necessary from an overall State budget management perspective in the years following the Great Recession, it has not always resulted in the State being able to achieve optimal interest rates at the time of the sale of these bonds. The clustering of large dollar Oregon bond issues over a short timeframe floods the capital markets to the point where supply exceeds demand, which could result in the State offering bonds at higher interest rates than would otherwise be required to ensure final placement with investors.

The 2025 Legislature authorized the issuance of approximately $1.80 billion of General Fund-Supported Debt for the 2025-27 Biennium. Similarly, $495 million of Lottery Revenue Bonds have been authorized.

The Commission recommends that the Legislature consider providing for a larger percentage of approved capital projects to be financed in the first year of the biennium. This approach would spread out the sale of State bonds and allow for a better balance of supply and demand for our bonds across the entire biennium. Further, as a frequent issuer, the State and its agencies should seek to issue annually to benefit from interest cost averaging of its debt portfolio, which is conservative and minimizes the impact of any economic cycle on the State's balance sheet and income statement.

III. GENERAL FUND-SUPPORTED DEBT CAPACITY

A. Debt Burden

The key indicators commonly used by the rating agencies and municipal analysts to evaluate a state's debt burden include debt per capita, debt to personal income and debt service to revenues. We measure Oregon's debt burden and capacity based on the percentage of debt service (i.e. principal and interest) to revenues. In this section, we compare debt service for General Fund-Supported debt as a percent of General Fund revenues, or;

$$\frac{\textbf{Debt Service for General Fund-Supported Debt}}{\textbf{General Fund Revenues}}$$

States recognized as having sound debt management practices typically use a range between 5% and 10% of revenues in determining their capacity measurements, with 5% as a frequent commitment. Many states now conduct debt affordability studies to provide policymakers with a clear understanding of their states' debt levels through, among other things, careful projections, smart benchmarking comparisons, multiple descriptive metrics, and analysis. The states that produce affordability studies also vary in how they structure their debt. Some have highly centralized debt structures, while others delegate a higher share of total borrowing to independent agencies and authorities. In addition to traditional General Fund-Supported Debt, states must consider other obligations that utilize the same source of funding and debt. The rating agencies, look at Net Tax-Supported Debt, which incorporate general fund, highway, appropriation, and various categories of debt in comparing states. Below, we further describe Net Tax-Supported Debt and the medians used by the rating agencies to evaluate the credit quality of state-level issuers.

For purposes of determining Oregon's capacity standard, the Commission establishes range under which the State can evaluate its general fund debt capacity. This range exists between a low of 0.0% and a high of 10%.

In the following illustration, a ratio within the "green" area signifies that the State is within a prudent capacity range to pay debt service, and thus, has capacity to issue additional General Fund-Supported debt obligations. A ratio within the "yellow" area signifies that the State's capacity is entering a cautionary zone where debt exceeds prudent capacity targets and may result in negative implications to the State's long-term credit rating and cost of funds. At this level, it would be wise for the State to reevaluate bonding priorities. Finally, were the State to reach a ratio within the "red" zone, consequences would be expected to include increased interest costs, negative credit rating impacts, and reduced access to capital markets.

Target debt capacity range can be visualized as follows:

General Fund-Supported Debt Payments as a Percentage of General Fund Revenues

0% to 5% **"Green"**	**Over 5% to 7%** **"Yellow"**	**Over 7% to 10%** **"Red"**
Prudent Capacity Range	Exceeds Prudent Capacity Target	Capacity Limits Reached

B. Inputs & Assumptions for General Fund Debt Capacity Model

As required by ORS 286A.555, the Commission's model projects debt capacity over the same number of years as the quarterly Office of Economic Analysis' (OEA) Economic and Revenue forecast, which provides a General Fund forecast for the next 10 years. The model looks at General Fund-Supported debt programs, with specific program funding within the capacity range determined by the Governor and Legislature.

This 2025 Commission Report provides an assessment of debt capacity from FY 2027 through FY 2035 based on the OEA's December 2025 Forecast and the bonding authorizations contained in the 2025-27 Biennium Bond Bill.

The model calculates General Fund-Supported debt capacity using a target ratio of General Fund-Supported debt service to General Fund revenues. The Commission utilizes 5% as the model's capacity target because it is the dividing point between a "green/available" capacity level and a "yellow/cautionary" target level. It is acknowledged that this 5% target is not a strict capacity limitation but rather reflects an approach into the "yellow/cautionary" capacity range. The movements from one target level to the next signals the need for a reevaluation of existing debt authorization and future bonding priorities.

The model first solves for "overall capacity" to pay debt service on General Fund-Supported debt issuance. As noted earlier, the following programs are considered General Fund-Supported debt obligations for purposes of this report:

- State Highway Bonds (Article XI-Section 7)
- Higher Education Facility & Community College Bonds (Article XI-G)
- Pollution Control Bonds (Article XI-H) (52% of program debt service)
- Alternate Energy Bonds (Article XI-J) (80% of program debt service)
- Oregon Opportunity Bonds (Article XI-L) (for OHSU projects)
- Seismic Rehab – Public Education Buildings Bonds (Article XI-M)
- Seismic Rehab – Emergency Service Buildings Bonds (Article XI-N)
- Public School Facility Bonds (Article XI-P)
- State General Purpose Bonds (Article XI-Q) (92% of program debt service)
- State Pension Obligation Bonds (40% of program debt service)
- Certificate of Participation obligations (ORS 283.085 to 283.092) (100% of program debt service)

As shown in *Table III.1*, the model solves for overall debt capacity for fiscal years 2026 through 2035 using the most recent General Fund forecast from OEA and 5% of General Fund revenues as the maximum debt service capacity limit. Based on this capacity limit, the model illustrates that dollars available to pay debt service ranges from $850 million in FY 2026 to $1,492 million in FY 2033.

Table III.1

General Fund Forecast of Revenues and Dollars Available for Debt Service ($ Millions)		
Fiscal Year ending June 30th	Net General Fund Revenues [(1)]	Dollars Available to Pay Debt Service at 5% Target (Capacity)
2026	$ 17,006	$ 850
2027	18,236	912
2028	20,126	1,006
2029	21,178	1,059
2030	22,587	1,129
2031	23,796	1,190
2032	25,230	1,262
2033	26,603	1,330
2034	28,394	1,420
2035	29,830	1,492

[(1)] General Fund revenues are shown as projected by the Oregon Office of Economic Analysis in the most recent Oregon Economic and Revenue Forecast, table General Fund Revenue Forecast by Fiscal Year

After determining the dollars available for debt service, the portion already committed to annual debt service on outstanding General Fund debt, as well as amounts used to pay debt service on authorized General Fund-Supported bonds expected to be issued over the remainder of the biennium is calculated. For purposes of this report, we assume that all $2.32 billion in General Fund-Supported debt authorized (and assumed for the short session) by the 2025-2027 Biennium Bond Bills will be fully issued by June 30, 2027.

The new General Fund-Supported debt includes the following, updated based on the 2025-2027 Biennium Bond Bill:

- $36.3 million in XI-G GO bonds for 50% matching grants for community college building projects;
- $106.8 million XI-G Higher Education Facility Bonds;
- $100.9 million in XI-M GO bonds for seismic upgrade grants to public schools;
- $50.6 million in XI-N GO bonds for seismic upgrade grants to public safety facilities;
- $50.5 million in XI-P GO bonds for matching grants for K-12 school capital improvements;
- $1.2 billion (GFSD only) in XI-Q GO bonds for various state agency capital projects, matching grants for county courthouse projects and gap funding for affordable multifamily housing projects.

Projected annual debt service payments on the planned new General Fund-Supported debt are based on the following assumptions:

- Level annual debt service payments;
- A conservative interest rate of 5.50%, is used for this 2026 annual SDPAC report. This rate is the same that was used in the prior three SDPAC reports. The revised rate of 5.50% is 138 basis points higher than the rate of the *Bond Buyer 20-Bond Index which was 4.12%* as of January 2, 2026[1]; and
- Twenty-year final maturity length for all General Fund-Supported debt obligations.

The model forecasts the remaining dollars available to pay debt service on future issuance, and therefore bonding capacity, by introducing known annual debt service payments for outstanding debt and the projected debt service payments for planned issuance. This is shown in *Table III.2*. A detailed outline of debt service requirements for each General Fund-Supported debt program is provided in *Supplement A* to this report.

Table III.2

Remaining General Fund Dollars Available for Future Debt Issuance ($ Millions)

Fiscal Year Ending (June 30)	Available Dollars to Pay Annual Debt Service (at 5% Target)	(Less) Annual Payments for Debt Service on Existing General Fund-Supported Debt Outstanding(1)	(Less) Projected Annual Payments for Debt Service on New General Fund-Supported Debt	Remaining Dollars Available to Pay Debt Service on Future Debt
2026	$ 850	$ (728)	$ -	$ 122
2027	912	(723)	(76)	113
2028	1,006	(599)	(194)	214
2029	1,059	(591)	(194)	275
2030	1,129	(574)	(194)	361
2031	1,190	(560)	(194)	436
2032	1,262	(540)	(194)	528
2033	1,330	(527)	(194)	609
2034	1,420	(518)	(194)	708
2035	1,492	(502)	(194)	796

(1) This represents the total annual (fiscal year) debt service requirement on all General Fund Paid debt issued through FY35. See Supplement A for detail.

The overall dollars available to pay debt service as determined in *Table III.1* is illustrated in *Table III.2* column 1 above. Columns 2 and 3 are the principal and interest payments for outstanding General Fund-Supported debt and for new authorized issuances respectively. The remaining dollars available to pay debt service (column 4) is determined by subtracting the outstanding and planned issuance debt service (columns 2 and 3) from the overall calculated dollars available (column 1).

As outlined above, remaining dollars to pay for debt service on future State bonds varies over the forecast period as projected General Fund revenues change and as debt service requirements are amortized on existing State debt obligations. *Table III.3* displays the remaining dollars available to pay debt service on future debt issuance. The overall calculation of remaining General Fund

[1] The *20-Bond Index* consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa3 rating and Standard & Poor's AA-minus rating.

dollars is based on the previously presented assumptions and with reductions each year to reflect the addition of new General Fund debt service.

Table III.3

Future General Fund Debt Capacity
Using Debt Service to General Fund 5% Target
($ Millions)

Fiscal Year (ending June 30th)	"Remaining" General Fund Dollars to Pay Debt	Maximum Amount of Additional Debt that May be Issued	(Less) Debt Service on Amount of Additional Debt that May be Issued	Net Dollars Remaining to Pay Debt Service	Debt Service as % of General Fund Revenues
2026	$ 122	$ -	$ -	-	4.3%
2027	113	513	(43)	-	4.6%
2028	214	2,039	(171)	-	5.0%
2029	275	728	(61)	-	5.0%
2030	361	1,039	(87)	-	5.0%
2031	436	897	(75)	-	5.0%
2032	528	1,088	(91)	-	5.0%
2033	609	979	(82)	-	5.0%
2034	708	1,178	(99)	-	5.0%
2035	796	1,052	(88)	-	5.0%
Future General Fund Paid Debt (Capacity)		**$ 9,512**			

Table III.3 accounts for all outstanding and planned issuance of General Fund-Supported debt, as authorized by the Legislature for the 2025-2027 Biennium, as well as the maximum amount of additional General Fund-Supported-debt that could be issued each year of the forecast period while staying within the Commission's target debt capacity target of 5% debt service to General Fund revenues.

Based on the analysis above, the Commission concludes that the General Fund-Supported debt issuance amounts illustrated in *Table III.3* would allow the State to issue a maximum of $9.5 billion in additional General Fund-Supported debt from FY 2026 through FY 2035

C. Capacity Considerations

The Commission emphasizes that while the State has the capacity to issue General Fund-Supported debt in the amounts outlined in *Table III.3*, issuance of State bonds at this level has significant budgetary impacts that can extend for long periods of time into the future. An increase in monies used to finance General Fund-Supported debt service could result in a reduction of funding for other State-supported programs, particularly in periods of economic downturns.

In addition, the Commission also cautions that while the current model shows that the State has substantial debt capacity over the forecast period, this capacity can sharply decline if there is a substantial drop in future General Fund revenue levels or if interest rates rise more than predicted in the model.

To address the large backlog of capital needs throughout the state, the Commission recommends that the Governor and Legislature continue the policy of spreading debt capacity evenly over future biennia.

Table III.4, below, illustrates the averaging of the State's debt capacity over the forecast period. Using this approach, the State has $2.25 billion of general fund debt capacity in each biennium during the forecast period. This averaging approach results in Debt Service as a percent of General Fund revenues deviating from the 5% target in some years but ultimately returning to the 5% target by the end of the forecast period. This averaging approach provides a long-term planning tool for funding the State's highest priority capital projects over time, regardless of economic and revenue fluctuations that may occur over the forecast period.

Table III.4

Fiscal Year ending June 30th	Maximum Amount of Debt Issuance within 5% Target Capacity ($ millions)	GF Debt Service as a % of General Fund Revenues	SDPAC's Recommended Maximum Annual Amount of Debt Issuance ($ millions)	GF Debt Service as a % of General Fund Revenues
2026	$ -	4.3%	$ -	4.3%
2027	513	4.6%	513	4.6%
2028	2,039	5.0%	1,125	4.6%
2029	728	5.0%	1,125	4.8%
2030	1,039	5.0%	1,125	4.8%
2031	897	5.0%	1,125	4.9%
2032	1,088	5.0%	1,125	4.9%
2033	979	5.0%	1,125	5.0%
2034	1,178	5.0%	1,125	5.0%
2035	1,052	5.0%	1,125	5.0%
Total	**$ 9,512**		**$ 9,512**	

* Rounded

Table III.5 and *Table III.6* illustrate the potential impact of changing interest rates and revenues on the forecast of the State's General Fund debt capacity. Based on planned debt issuances of $2.32 billion over the 2025-2027 Biennium and estimates of General Fund revenues for the balance of the forecast period, remaining general fund capacity is $9.5 billion. Our interest rate sensitivity analysis indicates that a 1% increase in the assumed long-term interest rate would decrease capacity by $922 million (*Table III.5*) while a 1% decline results in increased capacity of $1,047 million.

Table III.5

Forecast of General Fund Debt Capacity With Changing Interest Rates FY 2027 - FY 2035 ($ Millions)			
	Projected Debt Capacity at 5.5% Interest Rate	6.5% Interest Rate (1.0% Increase)	4.5% Interest Rate (1.0% Decrease)
Total	$ 8,999	$ 8,077	$ 10,046
Difference from Base Case		($ 922)	$ 1,047

Table III.6, below, evaluates the sensitivity of general fund debt capacity to changes in general fund revenues. As shown below, a 10% decline in revenue over the forecast period would decrease debt capacity by approximately $1.78 billion and a 10% increase in general fund revenue will increase general fund debt capacity by approximately $1.78 billion. (*Table III.6*).

Table III.6

Forecast of General Fund Debt Capacity With Changing General Fund Revenue Forecasts FY 2027 - FY 2035 ($ Millions)			
	Projected Debt Capacity with Long-term General Fund Revenue Forecast	10% Increase in Long-term GF Revenue Forecast	10% Decrease in Long-term GF Revenue Forecast
Total	$ 8,999	$ 10,781	$ 7,217
Difference from Base Case		$ 1,782	($ 1,782)

The economic environment continues to normalize, albeit at a higher rate of inflation. The Federal Reserve Board has commenced the process of reducing interest rates as the risks around its dual mandate of price stability and maximum employment come into better balance. Though inflation is running above the Fed's 2% objective, it has retreated over the last few quarters.

IV. LOTTERY REVENUE DEBT CAPACITY

Due to the importance of State Lottery Revenue for funding various State programs and activities, the Commission believes it is important to point out that the State's continued ability to issue Lottery Revenue bonds is predicated on the prudent management and sound fiscal position of the State Lottery program itself. Accordingly, for purposes of determining capacity, the Commission has chosen to view the Lottery Revenue bond program as distinct from both Net Tax-Supported and General Fund-Supported debt programs.

A. Unobligated Net Lottery Proceeds

Article XV, Section 4 of the Oregon Constitution requires the Legislative Assembly to appropriate Unobligated Net Lottery Proceeds or revenues to first repay Lottery bonds, before appropriating the proceeds for any other purpose.

In each fiscal year, and prior to the use of Unobligated Net Lottery Proceeds for any other purpose or expenditures, the State will apply Unobligated Net Lottery proceeds as follows:

For the period July 1 to September 30 of each fiscal year, at least one-half of the debt service due during said fiscal year or total of all bond principal, interest, redemption payment and premium amount that is required to be paid by December 31 of the fiscal year; and

- For the period October 1 through June 30 of the same fiscal year, an amount that is at least the remaining balance of debt service due on outstanding Lottery Revenue Bonds prior to the end of the fiscal year.
- The Unobligated Net Lottery Proceeds consist of all revenues derived from the operation of the State Lottery except for revenues used for the payment of prizes and expenses of the State Lottery.

Once debt service on Lottery Revenue Bonds is paid according to the Lottery Revenue Bond Indenture provisions, the remaining Lottery Revenue is distributed to the Education Stability Fund, the Parks and Natural Resources Fund, the Veterans Services Fund, and the Outdoor School Education Fund, as required by the Constitution. Excess Lottery Revenue is then allocated and applied to certain economic development and educational purposes. The Education Stability Fund and the Parks and Natural Resources Fund are allocated 18 percent and 15 percent respectively of unobligated net proceeds; the Veteran Services Fund receives 1.5 percent, and the Outdoor Education Fund receives the lesser of 4 percent or $22 million per year. In addition, an amount of not less than 1% of net Lottery proceeds is allocated to the Problem Gambling Treatment Fund, which is separate and distinct from the General Fund. Article XV, Section 4 of the Oregon Constitution, and applicable Oregon law allocate any remaining amounts to various economic development and public education projects as authorized.

In 2019, SB 1049, an act relating to the public employee retirement system was enacted. Among other provisions of the Act, SB 1049 Section 42-44 directs the Oregon State Lottery Commission to separately record and account for the costs and net proceeds of Sports Betting Games and certify such revenue transfer to Oregon Department of Administrative Services and DAS shall make annual transfer of the amount equal to the net proceeds of sports betting games to the Employer Incentive Fund under PERS. Although these revenues are earmarked for PERS, such transfer under SB 1049 does not affect the amount of Unobligated Net Lottery Revenue for debt service coverage purposes.

The forecast summary of net Lottery Revenue is presented in *Table IV.1*. Total available Lottery resources are net of Lottery prizes and administration. Also shown are the projected debt service for outstanding Lottery bonds and the projected debt service coverage ratio as of June 30, 2025; assuming that no additional Lottery bonds are issued either this biennium or in the future.

Table IV.1

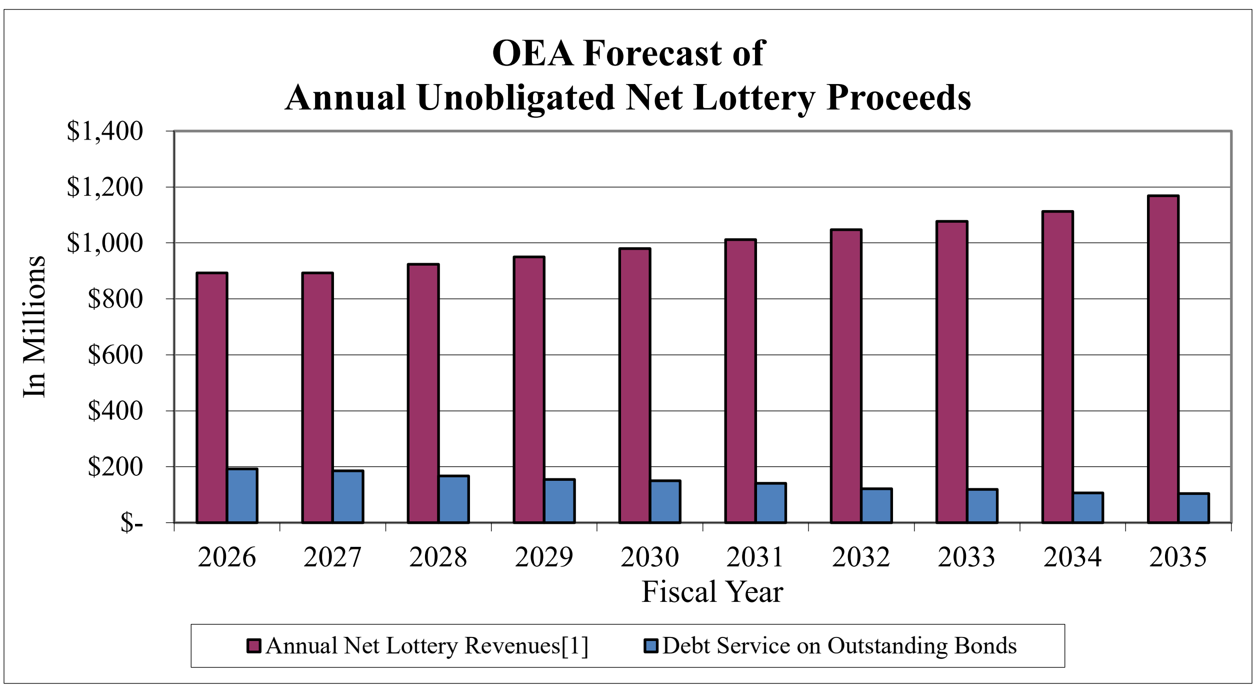
Forecast of Lottery Revenue and Debt Service Coverage Ratios ($ Millions)

Fiscal Year	Annual Net Lottery Revenue[1,2]	Debt Service on Outstanding Bonds	Projected Debt Service Coverage
2026	$ 893	$ 192	4.6
2027	893	186	4.8
2028	924	167	5.5
2029	950	154	6.2
2030	980	150	6.5
2031	1,012	141	7.2
2032	1,047	121	8.7
2033	1,078	119	9.0
2034	1,112	107	10.4
2035	1,168	104	11.3

[1] Oregon Office of Economic Analysis, Oregon Economic and Revenue Forecast, December 2025

Exhibit IV.1 below graphically displays the debt service on outstanding Lottery Revenue bonds relative to total Lottery Revenue, the difference of which is proceeds available to the State for other purposes.

Exhibit IV.1



[1] Oregon Office of Economic Analysis, Oregon Economic and Revenue Forecast, December 2025.
[2] Includes Lottery bonds issued through June 30, 2025.

B. Lottery Revenue Debt Capacity and Coverage Ratios

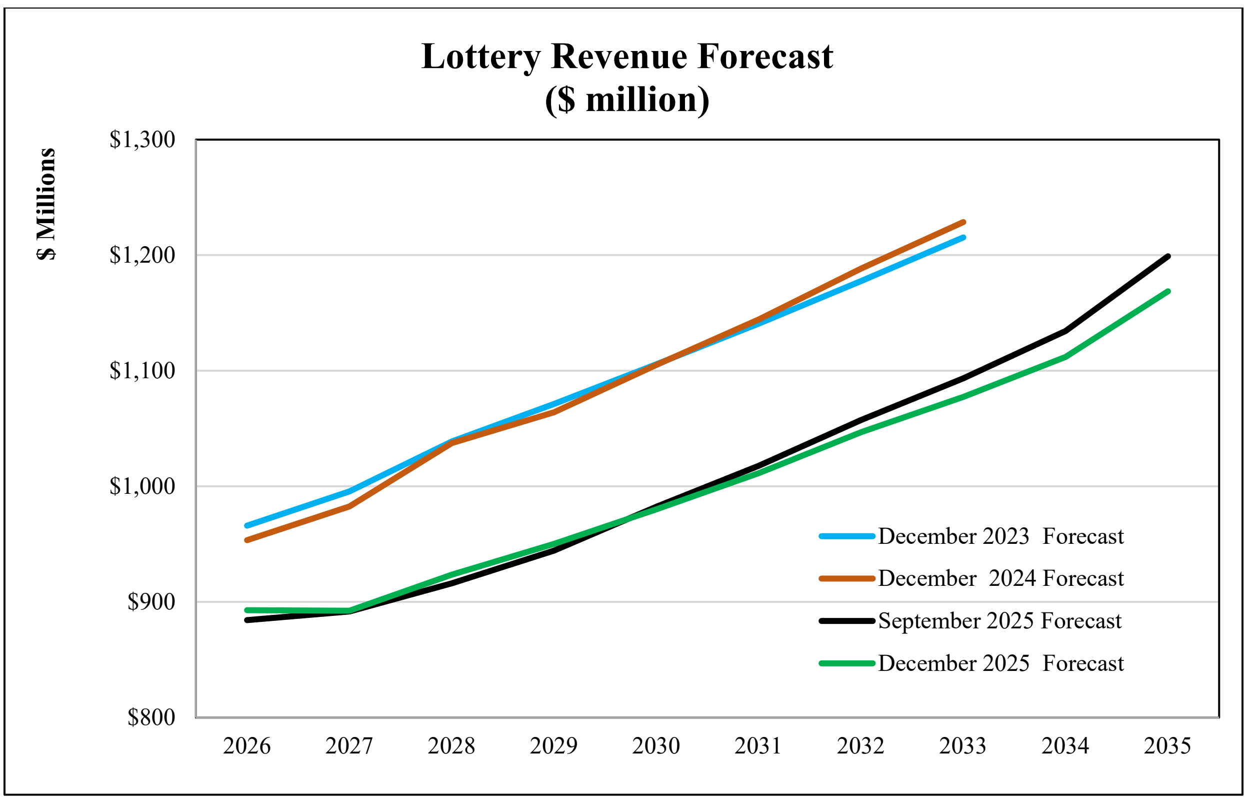
The most appropriate means of determining future debt capacity for this program is its current legal debt service coverage requirements. The extent to which available revenue pledged to repay this debt service exceeds the debt service requirement on existing and planned issuance is referred to as the debt service coverage ratio.

The State's Lottery Revenue Bond Indenture requires that combined existing and proposed lottery debt service may not be more than 25 percent of net unobligated Lottery Revenue, which means that the debt service coverage ratio should not fall below a four times coverage. The four-times coverage ratio is viewed by rating agencies as a conservative yet realistic level and is incorporated in the State's Lottery Revenue bond indenture as a general bond covenant. This means that for the State to issue new Lottery-backed bonds, unobligated net Lottery Revenue must be at least four times the maximum annual debt service on all outstanding Lottery bonds, with the debt service on new proposed Lottery bonds treated as part of the debt service ratio calculation.

Lottery Revenue has demonstrated significant volatility and as shown the COVID-19 pandemic has the propensity to experience large declines if gaming facilities are not accessible, as video gaming accounts for a substantial portion of Lottery Revenue. In October 2019, sports betting was introduced by the Oregon State Lottery and is now included in the long-term revenue forecast but represents less than 2 percent of net proceeds.

Exhibit IV.2. shows 2025 forecasted lottery revenues are notably lower than previous years.

Exhibit IV.2



Source: Oregon Office of Economic Analysis, December Economic and Revenue Forecast Reports, 2023 - 2025.

Based on the December 2025 Forecast projections of Annual Unobligated Net Lottery Proceeds used for the targeted four-times (4.0) coverage ratio, as displayed in *Table IV.2*, and the estimated available dollars for annual debt service ranges from $893 million in FY 2026 to $1,168 million in FY 2035 which is down from recent forecasts.

The following calculation is used to determine maximum annual lottery debt service:

Unobligated Net Lottery Revenue ÷ Required Coverage Ratio = Maximum Annual Debt Service

For FY 2026, the maximum annual debt service supportable by forecasted FY 2026 Lottery Revenue in the December 2025 Forecast is as follows:

$893 million ÷ 4 Times Coverage = **$223 million**

To arrive at the capacity for new Lottery Revenue bonds, total debt service on outstanding lottery bonds and the debt service of the proposed new lottery revenue bonds must fall within the allowable maximum annual debt service.

The capacity forecast for Lottery Revenue bonds, illustrated in *Table IV.2*, accounts for:

- All outstanding Lottery Revenue bonds as of June 30, 2025; and
- Takes into account $494.5 million Lottery Revenue bonds authorized for the 2025-27 Biennium and assumes $86 million is authorized in the short session; and
- Estimates future capacity to issue additional Lottery Revenue bonds from FY 2026 through FY 2035, using the December 2025 Forecast.

Projected net unobligated Lottery Revenue available to pay Lottery Revenue bond debt service are displayed in *Table IV.2* column 1. The Lottery Revenue bond debt service, as presented in *Table IV.2* column 2, accounts for existing debt service, as of June 30, 2025.

Table IV.2 column 4 shows projected debt service for FY 2026 through FY 2035 resulting from the issuance of additional Lottery Revenue bonds at the required coverage of four-times unobligated net Lottery Revenue. Based on the assumptions provided above, there is a projected maximum of $1.67 billion in incremental (in addition to 2025-27 authorized issuance) Lottery Revenue bond capacity for the forecast period FY 2026 through FY 2035.

The table below uses the December 2025 Forecast and assumes the issuance of $581 million of Lottery Revenue Bonds in 2025-27 Biennium. In addition, our model uses a 5.50% interest rate to compute future debt capacity and level debt service over twenty years. Based on these assumptions, forecasted Lottery Revenue will support the future issuance of $1.67 billion over the forecast period.

Table IV.2

Lottery Debt Capacity Determination ($ Millions)								
Fiscal Year	Estimated Lottery Revenues Available to Pay Debt Service	Debt Service Bonds Outstanding As of June 30, 2025	Debt Service on Planned Issuance of debt	Maximum Amount of New Debt That May Be Issued	Projected Debt Service on Additional Issuance	Total Debt Service (Existing, Planned, and Future)	Debt Service Ratio	Debt Service as a % of Lottery Revenues
2026	$ 893	$ (192)	$ -	$ -	$ -	$ (192)	4.0	25%
2027	893	(186)	(21)	86	(7)	(213)	4.0	25%
2028	924	(167)	(49)	100	(8)	(231)	4.0	25%
2029	950	(154)	(49)	232	(19)	(238)	4.0	25%
2030	980	(150)	(49)	141	(12)	(245)	4.0	25%
2031	1,012	(141)	(49)	202	(17)	(253)	4.0	25%
2032	1,047	(121)	(49)	340	(29)	(262)	4.0	25%
2033	1,078	(119)	(49)	111	(9)	(269)	4.0	25%
2034	1,112	(107)	(49)	254	(21)	(278)	4.0	25%
2035	1,168	(104)	(49)	207	(17)	(292)	4.0	25%
Max Lottery New Debt Capacity				**$ 1,674**				

C. Other Lottery Revenue Capacity Considerations

While the Commission has historically recommended that the State spread its future Lottery Revenue debt capacity over the forecast period, we note that due to the recent downward revisions in expected Lottery Revenues, this approach is currently forecasted to result in below 4x coverage in multiple years. Given this result, we show this approach as an illustrative example, but actual issuance will be dependent on future Lottery Revenue forecasts. *Table IV.3* displays this approach to allocating Lottery debt capacity over time, an approach that has historically protected the high credit ratings on the State's Lottery Revenue bonds in times when Lottery Revenue have dropped sharply.

Table IV.3

Recommended Allocation of Additional Lottery Revenue Debt Capacity ($ Millions)			
Fiscal Year (ending June 30th)	Maximum Annual Amount of Additional Debt Recommended (Average)	Debt Service Coverage Ratio on Current, Planned & Recommended Average Issuance	Debt Service as % of Net Lottery Revenue
2026	$ 86	4.6	22%
2027	198	4.0	25%
2028	198	3.9	26%
2029	198	3.9	26%
2030	198	3.8	26%
2031	198	3.8	26%
2032	198	4.0	25%
2033	198	3.9	26%
2034	198	4.0	25%
2035	198	4.0	25%
New Max Debt Capacity	**$ 1,674**		

On occasion, the State has been required to issue a portion of its Lottery Revenue bonds on a taxable basis; generally, taxable Lottery Revenue bonds have funded economic development activities that do not fit into the Federal government's tax rules regarding "qualified" private activity. Bonds issued on a taxable basis result in a higher overall interest rate than the tax-exempt rates assumed in the capacity calculation above. In addition, proposed changes in the Federal tax code that may reduce or eliminate tax-exemption could also further reduce long-term Lottery bond capacity, as these changes would increase the interest cost paid by the State to investors on future State bond issues.

Table IV.4 illustrates the impact of changes to long-term interest rate assumptions in the Lottery debt capacity model. Based on current estimates of annual unobligated net Lottery Revenue and the assumed long-term interest rate of 5.5%, the capacity of Lottery Revenue to support additional bond issuance is calculated to be $1,587 million over the balance of the forecast period (2027-35). A 1% increase in the projected long-term interest rate on these bonds to 6.50 % would reduce the maximum available capacity over this period by approximately $176 million; conversely, a reduction in the interest rate assumption by 1% to 4.50% would add roughly $200 million in capacity over the forecast period.

Table IV.4

Forecast of Lottery Revenue Debt Capacity*
From FY 2027 to FY 2035
at Various Assumed Interest Rates
($ Millions)

	5.5 % Interest Rate	4.5 % Interest Rate (1% Decline)	6.5 % Interest Rate (1% Increase)
Total	$ 1,587	$ 1,787	$ 1,412
Difference from Base Case		$ 200	($ 176)

As the recent past has demonstrated, downward revisions in projected long-term Lottery Revenue have had a substantial impact on projections of future Lottery bond capacity. As shown in *Table IV.5*, a 10% reduction in unobligated net Lottery Revenue over the forecast period would reduce the available debt capacity by $349 million over the next four biennia. Conversely, as *Table IV.5* illustrates, a 10% increase in projected Lottery Revenue would add $349 million to the long- term debt capacity over the forecast period.

Table IV.5

Forecast of Lottery Revenue Debt Capacity*
From FY 2027 to Y 2035
With Changing Lottery Revenue
($ Millions)

	Current Lottery Capacity Projection (From *Table IV.2*)	10% Decrease in Unobligated Net Lottery Revenue	10% Increase in Unobligated Net Lottery Revenue
Total	$ 1,587	$ 1,238	$ 1,937
Difference from Base Case		$ (349)	$ 349

V. NET TAX-SUPPORTED DEBT

Net Tax-Supported debt (NTSD) is defined as all debt serviced by tax revenues of the State. Based on the approach taken by rating agencies, this definition encompasses General Fund-Supported debt, as well as all Pension Obligation Bonds and Certificates of Participation that are characterized as self-supporting in Section III.B of this report, all Lottery Revenue bonds and all State Highway revenue bonds. *Exhibit I.2* in the section titled "Bonding in Oregon," provides a comparison of the State's total outstanding gross debt, General Fund-Supported debt, and Net Tax-Supported debt as of June 30, 2025. The State's Net Tax-Supported debt, as of June 30, 2025, was $10.90 billion.

Lottery Revenue bonds are included in the calculation of Net Tax-Supported debt even though they are special obligations of the State with debt service for the bonds coming from non-tax resources, that is, discretionary lottery purchases. However, because Lottery Revenue bonds are also secured by a "moral obligation" pledge of the State and a statutory commitment to request appropriated funds for any deficiencies in reserves or inability to pay debt service, these bonds are considered tax-supported and included in rating agency calculations of Net Tax-Supported Debt.

Given the importance of Lottery Revenue bonds to the State's overall capital planning process, Lottery Revenue bond capacity is discussed separately in the previous section of this report.

The definition of Net Tax-Supported debt omits a variety of other self-supporting debt obligations issued by the State that were designed to be self-supporting in all but the most extreme circumstances. General obligation bonds sold on behalf of the Oregon Veterans' Home Loan Program, the Pollution Control Loan Program, and the Oregon Housing and Community Services Department's Elderly and Disabled Mortgage Loan Program are examples of this category of self-supporting GO debt. These GO bond programs are expected to fully repay all GO bonds issued on their behalf from the loan revenue streams they receive over time from borrowers, while maintaining adequate loan reserves to cover any temporary shortfalls in loan repayments.

This same type of self-supporting financial structure is built into the Single and Multifamily Housing mortgage revenue bond loan programs and the Infrastructure Finance Authority's Bond Bank loan program, as well as all conduit revenue bonds sold by the State. While certain revenue and self-supporting GO bond debt programs are included on the State's gross debt balance sheet, these bond programs have a long history of paying their obligations with non-tax revenue resources and are therefore not included in the calculation of NTSD. While a large economic or natural disaster (e.g., a major seismic event) might temporarily impact loan repayments on some of these self-supporting loan programs (which is the reason that strong loan reserves are needed), it remains reasonable to exclude these programs from the NTSD calculation until such time that a State loan program actually requires the use of the State's tax resources to repay bonds issued on its behalf.

Table V.1 lists the 2025-2027 Biennium Net Tax-Supported debt authorizations approved by the 2025 Legislature. GO bonds issued for General Purposes (Article XI-Q); Higher Education facilities and Community College matching grants (Article XI-G); Public School Construction matching grants (Article XI-P); and Seismic Upgrade grants to schools (Article XI-M), along with Lottery Revenue and Highway User Tax Revenue Bonds make up the majority of new Net Tax-Supported Debt planned for issuance this biennium.

Table V.1

Net Tax-Supported Debt Authorizations
2025-27 Biennium Bond Bill

Type & Purpose	Authorized to be Issued in 2025-27
General Obligation Bonds	
Community College Bonds (Article XI-G)	$ 36,285,000
Higher Education Facility Bonds (Article XI-G)	106,780,000
Seismic Upgrade Bonds for Public Schools (Article XI-M)	100,910,000
Seismic Upgrade Bonds for Public Safety Facilities (Article XI-N)	50,580,000
School Construction Bonds (Article XI-P)	50,455,000
Department of Transportation (Article XI Section 7)	251,825,000
DAS General Purpose GO (Article XI-Q)	1,720,282,765
Total General Obligation Bonds	$ 2,317,117,765
Direct Revenue Bonds / Dedicated Sources	
Lottery Revenue Bonds	580,785,200
Highway User Tax Revenue Bonds	1,195,000,000
DAS General Purpose GO (Article XI-Q)	211,713,785
Appropriation Credits	
DAS Financing Agreements (ORS 283 & 286A.035)	13,037,910
Net Tax-Supported Debt Authorizations (plus assumed for 2026 session)	$ 4,317,654,460

Two measures commonly used by rating agencies and municipal analysts to gauge a state's overall debt burden include:

- Net Tax-Supported Debt Per Capita, and
- Net Tax-Supported Debt as a Percentage of Personal Income.

Prior to FY 2003, Oregon's debt burden was well below the 50-state medians as calculated by Moody's Investors Service. For the past 20 years, however, Oregon's debt burden per capita has exceeded national averages. The significant increase in Oregon's debt since FY 2003 commenced with the issuance of $2.1 billion in pension obligation bonds and continued with the growth in Lottery and Highway User Tax revenue bond issuances to fund high priority economic development and transportation projects around the State. Deferred maintenance and improvements to State facilities as well as funding for the LIFT program for affordable and permanent supportive housing account for the significant growth in Article XI-Q GO Bonds.

In its September 19, 2025, report – '*State pension liabilities continue to decline, improving leverage metrics'* (which uses 2024 data), Moody's determined the median NTSD per capita for the 50 states was $1,214[1]. The median NTSD as a percentage of income was reported at 1.8%.

By comparison, Moody's Investor Services reported Oregon FY 2024 per capita NTSD of $3,045 (Moody's number) relative to the median NTSD for all states of $1,214, and the State's NTSD as a percent of personal income in FY 2024 at 4.3% (Moody's number) relative to the 1.8% median for all states.

[1]Moody's September 7, 2025, Report: *State pension liabilities continue to decline, improving leverage metrics.*

The numbers reported by Moody's vary significantly from what is reported in the Commission Report due in part to the differences in methodology used and sources of data. Moody's uses the principal outstanding plus unamortized premium on bonds issued, contracts and other long-term liabilities as reported in the State ACFR, whereas the Commission's numbers are based on principal outstanding and does not account for unamortized premium on bonds, State contracted leases or other long term contracts of the State.

Although information reported by the rating agencies differ from those presented by the State, both sets of data show increasing State debt levels on a per capita basis and as a percent of overall statewide personal income.

As *Table V.2* illustrates, at the end of the 2023-25 Biennium, Oregon's outstanding NTSD was $10.90 billion. By the end of the current 2025-27 Biennium, the State's NTSD is projected to increase to $13.67 billion. Oregon's NTSD, when measured on a per capita basis was $2,533 for FY 2025 and projected to be $3,152 for FY 2027. When measured as a percentage of Oregon personal income, the State's NTSD was 3.45% for FY 2025 and is projected to be 3.85% for FY 2027.

Table V.2

State Net Tax-Supported Debt
(Per Capita and as a Percentage of Statewide Personal Income)

Fiscal Year Ending June 30th				
	2023-25 Biennium		**2025-27 Biennium**	
	FY 2024 (Actual)	**FY 2025 (Actual)**	**FY 2026 (Projected)**	**FY 2027 (Projected)**
Net Tax-Supported Debt ($bn)	$10.18	$10.90	$12.28	$13.67
Population*	4,300,100	4,300,400	4,315,200	4,337,900
Personal Income * ($bn)	$302.4	$315.6	$333.2	$355.4
NTSD Per Capita	$2,361	$2,533	$2,845	$3,152
NTSD as a % of Personal Income	3.37%	3.45%	3.68%	3.85%
Pension Obligation Bonds Excluded				
NTSD Per Capita	$2,195	$2,417	$2,784	$3,152
NTSD as a % of Personal Income	3.13%	3.29%	3.61%	3.85%
*Source: Oregon Office of Economic Analysis, December 2025 Economic and Revenue Forecast				

The bond rating agencies typically calculate total NTSD both with and without pension obligation bonds. Consequently, states that issue POBs are not overly penalized when compared to other states with a relatively low debt burden but have sizable unfunded pension liabilities. When pension obligation bonds are excluded from this NTSD calculation, our projected FY 2027 debt burden drops to $3,152 per capita and 3.85% of personal income.

Overall State Long-term Liabilities

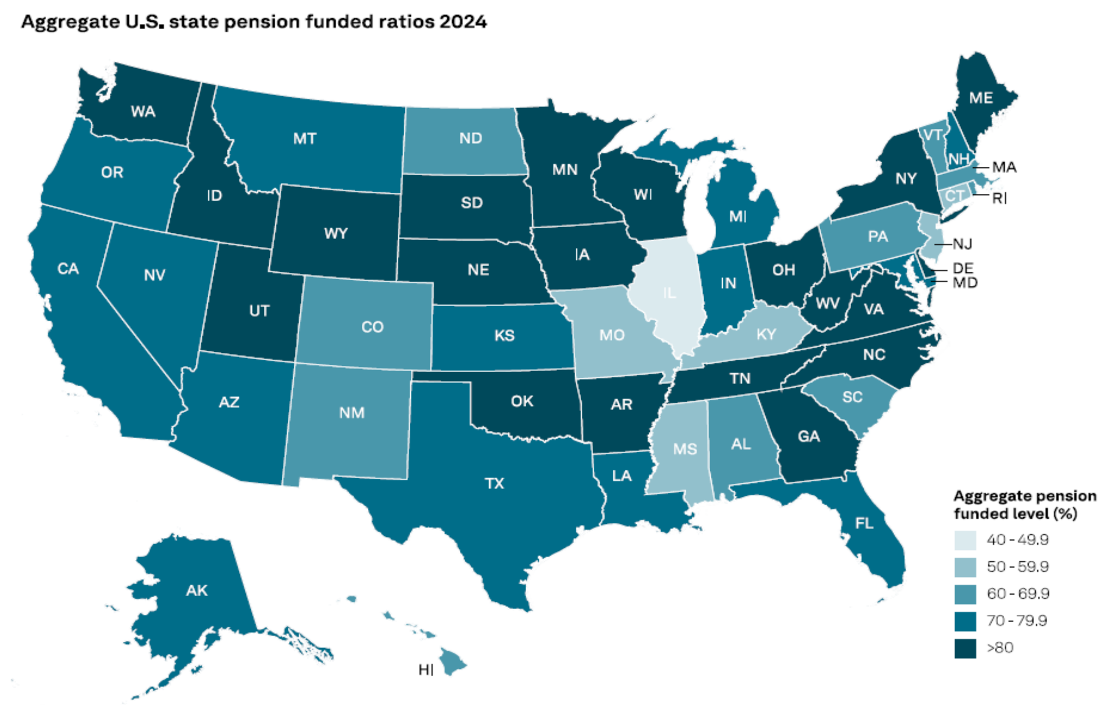
Given the growing awareness of unfunded long-term pension liability, the rating agencies have taken a more comprehensive approach to the tracking of overall state long-term liabilities; their reports include both the public indebtedness and the net unfunded pension liability of each state as reported in their ACFRs as part of their overall 50 state debt ratio analysis. *Exhibit V.2* displays a graph using data from Standard & Poor's (S&P) most recent pension report, entitled S&P October 22, 2025, report: "*Debt Eases, Pension and OPEB Funding Up in 2024; U.S. States Gain Ground, Complex Challenges Remain"*.

This report shows the net pension and OPEB liability as well as the funded ratio for the pension systems and OPEB of all fifty states, as reported in their ACFRs for FY 2024 (1-yr lag).

As reported by S&P at 79.3% funded in FY 2024, Oregon's pension funded status ranked 25th highest among states and above the 77% median funded ratio for all states. The following chart illustrates the S&P data and Oregon's relative position assuming the FY 2024 data presented by S&P.

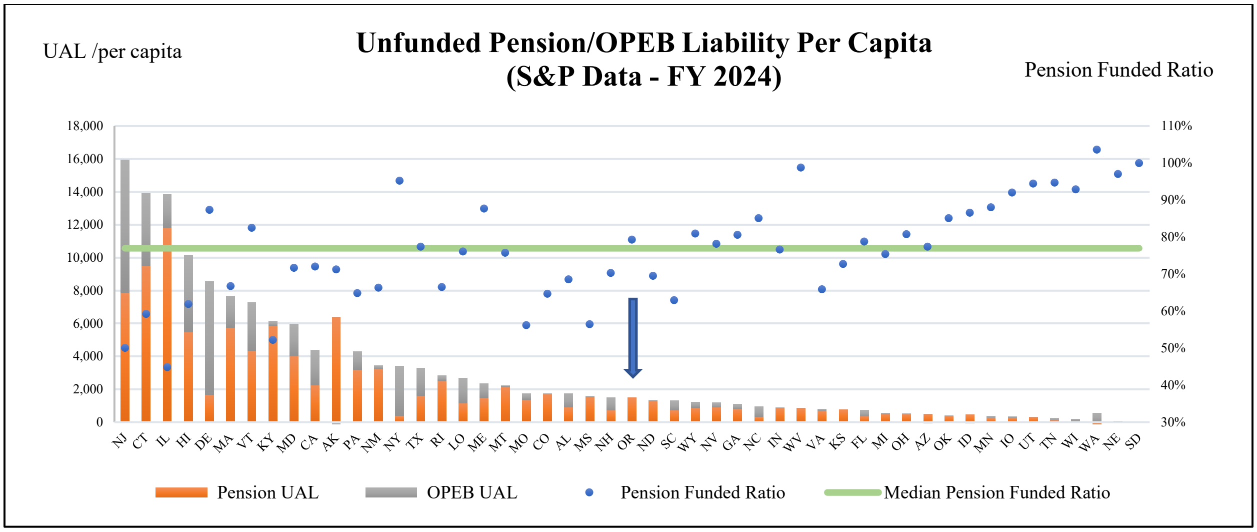
Exhibit V.2 illustrates S&P's categorization of Oregon and other States using fiscal year 2024 data (there is a one year lag for this analysis by S&P).

Exhibit V.2



The following chart illustrates comparative unfunded pension and OPEB obligations for each of the 50 states as reported by S&P October 22, 2025, report: "*Debt Eases, Pension and OPEB Funding Up in 2024; U.S. States Gain Ground, Complex Challenges Remain"*.

As shown below, Oregon has a low per capita unfunded pension and OPEB obligations when compared to many states. Further, it demonstrates that Oregon's pension funded status is above the mean funding level for all states and that Oregon's pension funding burden is low in comparison to other states.



S&P October 23, 2024, report: *U.S. States' Fiscal 2023 Liabilities: Stable Debt, With Pension And OPEB Funding Trending Favorably*

The aforementioned S&P report also compares the combined public debt and unfunded pension and OPEB liabilities per capita for each state as compared to its gross state product, which provides great insight as to the portion of each state's financial resources are required to manage their overall state long-term liabilities.

Impact of Recent PERS Development

In October 2021, the PERS Board adopted revisions to its assumed rate of return assumptions and rate-setting methodologies. Specifically, PERS reduced the assumed investment rate of return (Assumed Rate) by 0.30 percent from 7.20% to 6.90% and modified the rate collaring methodology to focus only on the unfunded actuarial liability and the pension plan funded status. Reduction in the assumed rate had the effect of increasing the unfunded liability. The Assumed Rate is used to compute the present value of future benefits to PERS beneficiaries and is commonly referred to as the discount rate. The reduction in the Assumed Rate (discount rate) has the effect of increasing the State's unfunded actuarial liability.

At the December 2022 meeting, the Oregon Investment Commission (OIC) elected to reduce risk by increasing allocation to fixed income from 20% to 25% and reduce exposure to public equity from 30% to 27.5%. This change was done to reflect the higher interest rate environment, which is allowing the State to take less risk to achieve the assumed rate.

Based on adjustments in its December 2022 meeting the PERF investment portfolio mix continues to be comprised of 27.5% Public Equity, 20% Private Equity, 25% Fixed Income, 12.5% Real Estate, and 7.5% Real Assets and 7.5% Diversifying Strategies. These current percentages provide guidance on asset allocation and may vary with changes in valuation or at the discretion of the OIC in consideration of the OPERF investment policy.

The Oregon Public Employees Retirement Fund (OPERF) investments returns rebounded in 2024 and 2025. For the calendar year 2025 as of November 30, 2025, OPERF investments returned approximately 9.7%. Further, OPERF investment returns averaged 8.23% over the prior 10 years to that date. OPERF's returns have permitted the PERS to systematically reduce its actuarial assumed interest rate from 8% in 2010 to 6.90% in 2021, without a material deterioration in the funded status. The rating agencies generally view reductions in assumed interest rates as favorable.

The rating agencies are increasingly evaluating state pension and OPEB liabilities in their ratings decisions given the potential budgetary impacts of large unfunded liabilities and large debt burden.

VI. NON-TAX-SUPPORTED DEBT

For several of the State's largest bonding programs, the majority of their bonds do not fall under the definition of either General Fund-Supported debt or Net Tax-Supported as used in this report. These programs include:

- Veterans' Welfare General Obligation GO Bonds (Article XI-A);
- Higher Education Building Project GO Bonds (Article XI-F(1));
- OHCSD Elderly & Disabled Housing Project GO Bonds (Article XI-1(2));
- OHCSD Single-Family & Insured Multi-Family Revenue Bonds (ORS 456.661);
- Pollution Control GO Bonds (Article XI-H) (48% of Total);
- Alternate Energy Project GO Bonds (Article XI-J) (20% of Total):
- Oregon School Bond Guaranty Program (Article XI-K);
- Oregon Infrastructure Authority Bond Bank Revenue Bonds; and
- Conduit or "Pass Through" Revenue Bond Programs.

These programs were designed and intended to be fully, (or partially) self-supporting from enterprise revenues or loan repayments and under normal circumstances are not expected to require a draw on General Fund or special tax revenues. Therefore, it is less meaningful to discuss their capacity in the same terms with which we discuss Net Tax-Supported or General Fund-Supported Debt programs. However, it is understandable that these programs cannot issue debt unconditionally without consequence because, with the exception of conduit revenue bonds, they represent an exposure to the financial resources and reputation of the State. Capacity for these programs is more appropriately determined by sound management and lending practices, as well as careful consideration of the economic circumstances unique to each program. The Commission proposes that capacity for these programs is more appropriately based on ongoing review of constitutional and statutory limitations, program needs, sound program management practices, and biennial review and approval of debt program issuance rather than a specific dollar limit capacity.

Table VI.1

Debt Issuance Considerations for Non Tax-Supported Bond Programs	
NON-TAX-SUPPORTED DEBT PROGRAM	**BASED ON:**
Veterans' Welfare General Obligation Bonds *Article XI-A*	• Demand for loan program services; • Annual cash flow projections; • Legal limitations (8% of State TCV); • Governor's budgetary review; • Biennial Legislative Authorization; and • Central debt management review.
Higher Education Building Projects General Obligation Bonds *Article XI-F(1)*	• Need for capital building projects; • Revenue producing capacity of desired projects; • Projects are self-supporting without requiring any General Fund revenues to cover debt service; • Legal limitations (0.75% of State TCV); • Governor's budgetary review; • Biennial Legislative Authorization; and • Central debt management review.
Pollution Control Projects General Obligation Bonds *Article XI-H*	• Demand for loan and grant program services; • Wastewater loans to communities are self-supporting without requiring any General Fund revenues to cover debt service; • Bonds used to fund grants for clean-up of orphan sites require General Fund debt service support • Legal limitations (1% of State TCV)
Alternate Energy Project General Obligation Bonds *Article XI-J*	• Local community/region energy needs; • Applicant screening; • Technical review; • Legal limitations (0.5% of State TCV); • Governor's budgetary review; • Biennial Legislative Authorization; and • Central debt management review.
Oregon School Bond Guaranty Program General Obligation Bonds *Article XI-K*	• May be triggered if state has to pay district debt service; • State-Aid may be intercepted for debt service payments; • May levy a district-specific or statewide property tax to repay bonds; • State's full faith in credit; and • Legal Limitation (0.5% of State TCV).
Infrastructure Finance Authority Bond Bank Program Revenue Bonds *ORS Chapter 285B*	• Municipality water and wastewater system needs; • Municipality infrastructure needs; • Legal limitations (0.5% of State TCV); • Governor's budgetary review; • Biennial Legislative Authorization; and • Central debt management review.

Elderly & Disabled Housing Project General Obligation Bonds *Article XI-I(2)* and **Single-Family & Multi-Family Revenue Bonds** *ORS 456.661*	• Demand for mortgage program services; • Continued strict applicant screening and eligibility requirements; • Annual cash flow review; • Legal limitations: ▪ Elderly & Disabled (0.5% of State TCV) ▪ Single & Multifamily ($2.5 billion) • Governor's budgetary review; • Biennial Legislative Authorization; and • Central debt management review.
Conduit Revenue Bond Programs *Oregon Facilities Authority* *Industrial Development Revenue Bonds* *Housing Development Revenue Bonds* *Beginning & Expanding Farmer Loan Revenue Bonds*	• Conduit borrower's ability to pay debt service on intended projects; • Evaluation of market impact of conduit issues on other State issues; • Biennial Legislative Authorization; and • Central debt management review.

A. Veterans' Welfare Bond Program

As noted earlier, the Oregon Department of Veterans' Affairs (ODVA) is authorized to issue bonds to finance mortgage loans to eligible veterans. Although bonds outstanding under this program are fully self-supporting (repaid) from mortgage loan repayments, this was not always the perception by the bond market. In the late 1970s and early 1980s, the ODVA faced considerable difficulties due to the effects of the nationwide recession, aggressive lending practices, and improperly structured bond issues. Revenues from their mortgage portfolio were projected to be insufficient to cover operating expenses, bonded debt service resulting from mortgage prepayments and the increased losses from higher foreclosure rates. During this time, management practices allowed an extraordinary volume of bond issuance, resulting in over $6 billion outstanding in the ODVA program in 1985. These management practices were, in part, responsible for an eventual State ratings downgrade, leading to increased capital financing costs for the State for many of its bond programs.

Over the last 30 years, the State and ODVA made excellent progress and has transformed the Veterans' loan program into a sound, well-structured, self-supporting GO bond program. ODVA did not issue debt between 1987 and 1995 and did not make mortgage loans between 1987 and 1991. The restructured program began lending mortgage monies again in 1992. Current financial strategies of the Department include exercising bond call options for high cost debt where opportunity exists; close monitoring of administrative expenses; working to achieve the maximum spread between bond borrowing costs and mortgage lending rates permitted under Federal tax law; and structuring new bonds similar to proven single-family mortgage revenue bond programs nationwide.

Requirements for participation in the ODVA Mortgage Loan Program are much more stringent than the early years of the program. Individual applicants and properties must generally meet Federal National Mortgage Association underwriting standards, which include, but are not limited to, adequate income, verification of stable employment, acceptable credit history, and sufficient funds to pay the down-payment and closing costs. A private mortgage insurer must also insure loans that exceed 80% of the value of the underlying security.

ODVA makes annual cash flow forecasts to assess future ability to meet debt service and related operating expenses. Future bond issuance will be based primarily on demand for program loans when ODVA loan rates can be provided below the prevailing commercial market rate.

B. Higher Education Building Project Bond Program

Historically, the former Oregon University System (OUS) administered bonds issued for Oregon's seven public four-year universities and the Oregon Health and Science University (OHSU). The Board of Higher Education had the authority to issue GO bonds for higher education projects based on two constitutional provisions, Article XI-F (1) and Article XI-G. The OUS and the Board of Higher Education were abolished on July 1, 2015.

Under Oregon law, each of the seven universities are "public universities" as defined by ORS 352.002 and are legally separate from the State of Oregon. Article XI-F (1) and XI-G bonds issued for the benefit of public universities are administered by the Department of Administrative Services and governed by ORS 286A.830 through 286A.863. The Higher Education Coordinating Commission (HECC) is responsible for coordinating capital project funding requests from public universities and for budgeting and accounting related to outstanding bonds. Although HECC also accounts for debt pertaining to OHSU, the HECC has no administrative or policy oversight over OHSU since OHSU is an independent public corporation.

Under this statutory framework, the proceeds from Article XI-G bonds authorized by the Legislature for public university projects are provided as grants to the applicable university. The debt service on Article XI-G bonds is paid by General Fund appropriation; therefore, debt issued under Article XI-G is considered tax-supported debt for purposes of this report and is accounted for in the General Fund debt capacity model and Net Tax-Supported debt ratio calculations.

In contrast, the proceeds from Article XI-F (1) bonds authorized by the Legislature for public university projects are provided as loans to the applicable university. The loans are required to be repaid by the universities from their own revenue sources, which may include tuition, student building fees, gifts, grants, endowment earnings or other similar sources. Payments from universities on outstanding XI-F (1) bonds are used by the State to pay debt service on the bonds. Thus, Article XI-F (1) bonds are not considered tax-supported debt.

Although each public university has the authority to issue its own revenue bonds, these bonds are not accounted for as debt by the State because this debt would be a legal obligation of the applicable university. To the extent the public universities want to avail themselves of future Article XI-F (1) GO bonds, State law requires that the Office of the State Treasurer (OST) review and approve any future standalone university revenue bonds to assure that the pledged revenues of the university are sufficient to cover debt service on both existing State GO bonds as well as any new university revenue bonds. To the extent that a university board does not wish to seek the review and approval of the OST prior to the sale of their revenue bonds, they are precluded from seeking new Article XI-F (1) GO bond financed projects. To date, OST has reviewed and approved multiple series of revenue bonds issued under this authority by the University of Oregon and Oregon State University.

When new loans are provided to universities with XI-F (1) bond proceeds, each university represents to the State that it conservatively estimates that it has and will have sufficient revenues to pay the loan repayments in full when due and to operate the project financed with the proceeds of the loan. However, since XI-F (1) bonds are general obligations of the State, it would be necessary for the State to seek a General Fund appropriation if the universities were ever unable to make required payments to the State. To ensure that the General Fund is never actually required to repay XI-F (1) bonds, the OST has the responsibility of working with each university to identify revenues available at each university to pay debt service on existing and future XI-F (1) bonds. Each campus' future ability to repay additional loans from the State provided through the issuance of XI-F (1) bonds will be dependent upon its governing board's adoption of sound financial management policies and practices and the revenue-producing ability of the projects financed.

C. Housing & Community Services Department Bond Programs

The Oregon Housing and Community Services Department (OHCSD) is authorized to issue GO bonds for the Elderly and Disabled Housing program, direct revenue bonds for Single-Family and Multifamily housing mortgage programs, and pass-through revenue bonds for its Multifamily Conduit revenue program. None of these programs fall under the definition of Net Tax-Supported debt used in this report. Thus, program capacity is discussed separately from assumptions made in the General Fund capacity model.

Like other self-supporting bonding programs, capacity for OHCSD programs is based primarily on the fiscal soundness of these programs and prudent financial management. The Director and the nine members of the Oregon Housing Stability Council are appointed by the Governor. The Oregon Housing Stability Council, in collaboration with the Department and community partners, assist with the development of the Department's strategic plan and set policies and priorities to increase the supply of affordable housing throughout the State and to enhance the funding for and focus the provision of community services.

Applicants proposing to borrow monies under any of OHCSD's housing loan programs must first meet the eligibility requirements of that particular program. Applicants then follow an application review and approval process prior to receiving any loan monies associated with the program.

As noted earlier, bonds issued by OHCSD are fully self-supporting. Debt service is paid solely from revenues received from mortgage loan repayments, investment earning, and other assets held under each specific Trust Indenture. To assure that these assets are sufficient to fund necessary debt service requirements, OHCSD is required to submit materials outlining projected revenues annually to OST. These projections must outline the ability to repay principal and interest over the life of outstanding bonds, as well as other expenses of OHCSD. If projected revenues show an inability to provide for these requirements, OHCSD would be precluded from issuing additional bonds or applying any revenues to the financing of additional mortgage loans.

Similar to other programs outlined here, OHCSD's capacity to issue bonds is based on sound management, prudent lending practices, maintenance of strong operating reserves for program continuance, and awareness of evolving economic and social factors affecting individual borrowers' ability to repay mortgage loans. OHCSD, more than other state agencies, has used sophisticated public finance tools like variable rate bonds backed with liquidity facilities and floating-to-fixed interest rate swaps to offer more competitive mortgage rates to its customers while reducing its bond portfolio's interest rate risk.

D. Alternate Energy Program Bonds

The Oregon Department of Energy (ODOE) is authorized to issue GO bonds for Alternative Energy Projects in accordance with the provisions of Article XI-J to finance secured loans for the development of small-scale local energy projects (SELP) throughout Oregon. ODOE may have bonds outstanding equal to one-half of one percent of the true cash value of the property of the State. SELP was originally designed to be fully self-supporting, requiring determination and identification of repayment sources prior to making loans from bond proceeds. Constitutional and statutory provisions mandate that loan repayments are made from secured loan sources before any General Funds are advanced to SELP for repayment of Article XI-J debt.

Debt service on Alternate Energy Program GO bonds is paid from revenues received from loan repayments. Prior to each bond sale, ODOE is required to submit materials outlining projected revenues and expenses to the OST. The projections provided must show the program's future capability of meeting all planned and outstanding bond payments through program resources. ODOE's capacity to issue these bonds must be based on sound program and departmental management, prudent lending practices, maintenance of appropriate loan loss reserves, and awareness of underlying borrowers' ability to repay loans.

Currently, some of ODOE's Alternate Energy Bonds are considered as General Fund-Supported Debt, as XI-J GO bonds were sold to fund loans for energy projects on various OUS campuses that are being repaid through annual General Fund appropriations to the State's independent universities.

In preparation for an ODOE bond sale in 2012, the State Treasurer's staff reviewed SELP's cash flow model to determine if their projected loan repayments were sufficient to meet all future debt service requirements of their GO bond portfolio. This evaluation revealed that SELP's loan loss reserves were seriously depleted, due to the default of an $18 million loan on an ethanol facility, and a growing number of large, delinquent loans to private parties that were 91 days or more past due. Since that time, several other large loans linked to renewable energy projects have also gone into default and have been written off as non-collectible, further deteriorating SELP's balance sheet and reserve balances, which have reduced the program's ability to make new loans without additional financial support from State general fund resources.

SELP has not issued new loans since 2015. In addition, the State Treasury refunded and restructured a portion of the outstanding ODOE bond portfolio in 2017 and in 2020, lowering SELP's debt service payments substantially. Even with these efforts, General Fund cash infusions have been required to supplement SELP loan repayments. $3.5 million in General Fund was provided in the 2021-23 Biennium for the SELP program to meet its scheduled debt service obligations. Additional General Fund infusions were not needed for the 2023-25 biennium, although the amount, timing, and size of future cash infusions may change if more SELP loans become delinquent or are written off as uncollectible.

E. Department of Environmental Quality Pollution Control Bonds

The Department of Environmental Quality manages two separate programs under this bond category: loans to local Oregon communities to address their wastewater infrastructure needs and grants for the clean-up of environmentally contaminated sites where neither existing nor previous owners can fund this work (i.e., "orphan sites").

GO bonds issued for these purposes are authorized under Article XI-H of the State Constitution, for purposes of financing pollution abatement and control facilities, as well as pollution control and disposal activities of State and local government agencies. This authorization, granted under Article XI-H, requires that most facilities funded by the program, with the exception of pollution control and disposal activities and hazardous substance facilities, must "conservatively appear" to be at least 70% self-supporting and self-liquidating from revenues, gifts, federal grants, user charges, assessments and other fees.[1] Historically, the portion of the debt service of these bonds associated with orphan hazardous disposal site clean-up has been repaid by General Fund appropriation, with the balance of debt service repaid by DEQ fees and repayment on loans.

F. Oregon Business Development Department Oregon Bond Bank Program

The Oregon Business Development Department (OBDD) administers the Oregon Bond Bank, a pooled loan program providing municipal bond financing to eligible municipal borrowers. The Oregon Bond Bank was created by the consolidation of the Water Program, which authorizes loans to municipalities to finance safe drinking water projects and wastewater system improvement projects, and the Special Public Works Fund program, which provides loans to municipalities for construction, improvement and repair of water, wastewater, and other local infrastructure. Periodically, the Legislative Assembly authorizes the sale of Lottery Revenue Bonds to replenish the funds available to OBDD to make new loans for local and regional water, wastewater, and other infrastructure projects. Additionally, the Oregon Bond Bank may issue stand-alone revenue bonds secured by these loans, to free up OBDD funds that can then be loaned again to municipalities for additional local infrastructure projects.

In 2011, the Legislative Assembly authorized further consolidation of various OBDD loans, grants, and bonding programs for local governments through the creation of the Oregon Infrastructure Finance Authority (IFA). The IFA was established as an administrative unit within OBDD, with a

[1] In accordance with Article XI-H Section 2, the facilities supported by the Pollution Control Bonds must be 70% self-supporting and self-liquidating. However, the bonds that provide the funds to support the facilities are currently non-self-supporting, requiring debt service payments to be provided by General Fund appropriations.

nine-member advisory board that provides policy guidance on the infrastructure loan, grant, and bonding activities of the agency.

Infrastructure loans made through IFA are typically full faith and credit obligations of the borrowing municipality, payable from the borrower's utility enterprise as well as the municipality's General Fund. OBDD may request the State to withhold any amounts otherwise due to the municipality from the State of Oregon, and to pay such amounts to OBDD, in the event that a municipality defaults on its loan payments.

IFA Oregon Bond Bank Revenue bond capacity is based on OBDD's sound financial management, prudent lending practices, awareness of underlying borrowers' ability to repay loans and any funds provided by the Legislative Assembly as part of their historical practice of providing program capital.

G. Conduit Revenue Bond Programs

The State of Oregon has three actively operating conduit revenue bond programs. These programs operate under the auspices of the Oregon Facilities Authority, the Oregon Business Development Department and the Oregon Housing and Community Services Department.

Conduit revenue programs are viewed uniquely when discussing capacity concepts. These programs, although issued by the OST, constitute no draw or contingent liability on any State of Oregon revenues. Debt service on these bonds is paid solely from revenues generated by the projects being financed or from other sources available to the conduit borrower. In no case is the credit of the State loaned, pledged or used for payment of any of the bonds. Further, the State is not responsible for expenses or costs incurred in connection with the issuance of the bonds. Therefore, capacity judgments should be reflected more in terms of market impact, beneficial interests of the State, and prudent evaluation of participating conduit borrowers' ability to repay debt obligations.

H. Oregon School Bond Guaranty Program

The Oregon Legislature passed the School Bond Guaranty Act in 1997, with subsequent approval by voters via a constitutional amendment the following year that allows the State to guarantee voter-approved GO bonds of qualifying Oregon education districts. Participation in the program is voluntary and is open to public school districts, education service districts, and community colleges.

The Oregon School Bond Guaranty (OSBG) program is administered by OST, which establishes administrative rules prescribing application procedures and qualification guidelines. Upon determination of a district's eligibility, OST issues a certificate of qualification valid for one year from the date of issuance that may be applied to all GO bonds issued by the district during that period. Prior to bond closing and contingent on complying with OSBG requirements, the district receives a confirmation letter for the specific bond sale.

Constitutional, Statutory, and Administrative Framework For OSBG

The Constitutional and statutory framework for the OSBG program provides several strong credit enhancement features that have resulted in the program receiving the same credit rating as the State receives on its GO bonds. These features include:

- A pledge of the State's full faith and credit to guarantee payment of a qualified district/community college's bond debt service when due;

- Authorization of OST to make debt service payments from the Oregon Common School Fund, the Oregon Short-term Fund, or other State funds assures immediate liquidity for all guaranteed school district and community college debt service payments;
- Constitutional provision authorizing OST to issue property tax-backed State GO bonds to fund the State's guaranty, if necessary; and
- Authorization of OST to assure repayment of any draws on state funds to make school district GO debt service payments, including:
  - use of the state school funds intercept mechanism; or
  - legal compulsion of a district or community college to levy sufficient property taxes to repay any loan made; or
  - State GO bond sold, on its behalf.

A participating district, for which the State has made a guaranteed payment is obligated to repay the State, with interest, and in certain instances, may be subject to an additional penalty. The range of State school funds that can be intercepted for repayment include any payments from the State's General Fund, the State School Fund, income from the Common School Fund, or any other operating funds provided by the State to the school district.

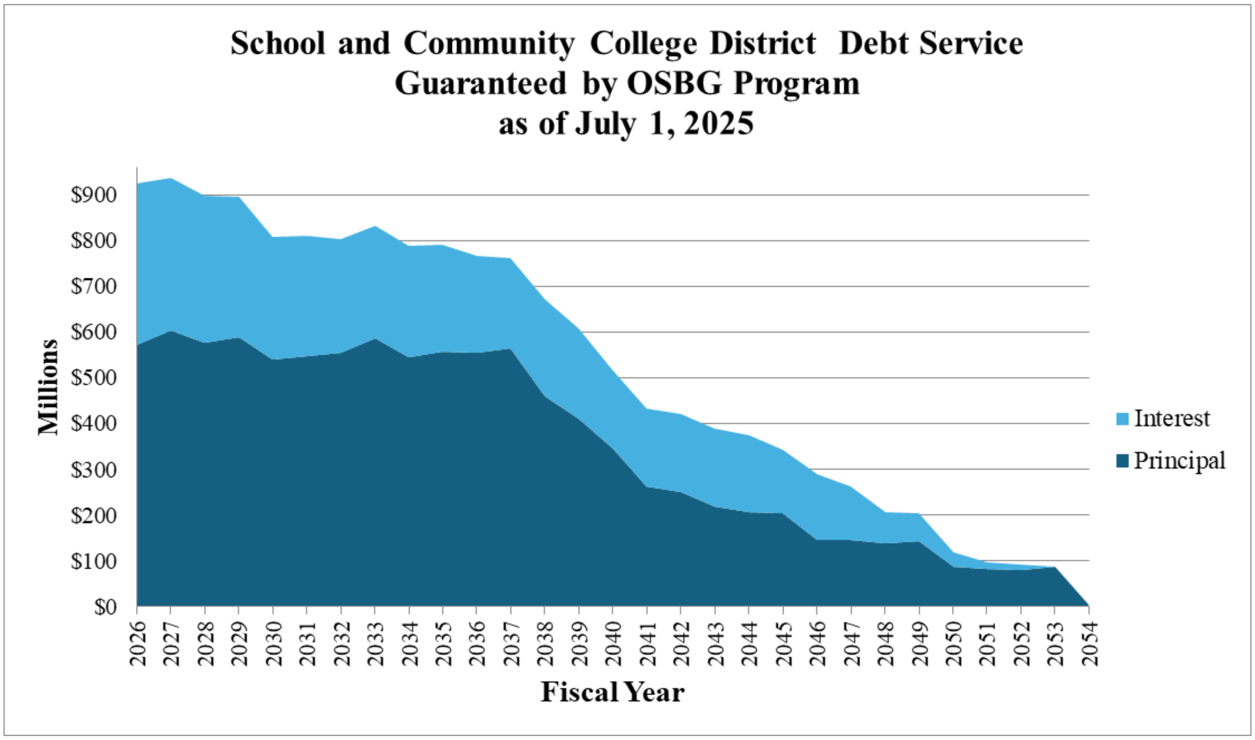
In addition, the administrative aspects of the OSBG program have been designed to reduce the likelihood of payment default by participating educational districts. The district's business administrator is required to transfer to its paying agent funds sufficient to cover each debt service payment at least 15 days before the scheduled payment date on OSBG guaranteed bonds. If it is unable to do so, the district must notify both the paying agent and OST at that time. The paying agent must notify OST if sufficient funds are not transferred at least 10 days before the scheduled payment date.

OSBG Program Statistics

Since its inception in 1999, the OSBG program has grown significantly in size and scope; as of June 30, 2025, the program has guarantees on $10.1 billion of outstanding GO bonds ($15.5 billion in principal and interest guaranteed debt service) issued by Oregon school districts and community colleges.

Exhibit VI.1 projects State-guaranteed principal and interest over the remaining life of these school bonds. As of June 30, 2025, this guaranty applies to local school district and community college annual debt service payments of $944 million for FY 2026, which is equivalent to approximately 5.5% of total expected FY 2025 State General Fund revenues and 16.5% of projected FY 2026 State school aid for schools and community colleges.

Exhibit VI.1



To date, no participating Oregon school district or community college has requested that the State of Oregon make a debt service payment on its behalf under the OSBG program. OSBG guarantees general obligation debt of local governments, which have had a long track record of positive financial management and in many instances, strong credit ratings. In addition, OST Debt Management Division conducts a rigorous review of each OSBG application and ensures the appropriate documentation and that the disclosure is up to date.

Although the OSBG is a contingent liability of the State, the rating agencies, and Moody's in-particular, have revised their methodology to increase monitoring of such liability. Currently, the rating agencies do not consider this debt as part of the State's overall General Fund or Net Tax-Supported Debt.

While the OSBG program has successfully reduced the borrowing costs of participating jurisdictions throughout the State, OST continues to monitor the program due to the strong and increasing utilization of the guaranty by increasing numbers of local school districts and community colleges. Based on this review, OST has tightened the OSBG program rules to ensure the state guarantee of school debt is managed wisely.

Table A-9 in *Supplement A* illustrates each Oregon school district and community college district's respective state guaranteed debt service as a percentage of overall state aid for the fiscal year ending June 30, 2025. State aid is defined for purposes of the following exhibits to include annual appropriations made to school and community college districts through both the State School Fund and the Common School Fund.

As *Table A-9* demonstrates, there are four school districts with annual debt service on OSBG GOs and POBs that exceed the amount of annual State school aid received in FY 2025. For additional details on the state aid and the amount of debt service guaranteed for specific districts in FY 2025 please see *Supplement A*, *Tables A-9* of this report.

I. Local Government Pension Bond Use of Fund Diversion Agreement

In 2001, the Legislative Assembly authorized the State Department of Education to enter into Fund Diversion Agreements as a means of improving the creditworthiness of Pension Obligation Bonds (POBs) issued by Oregon school districts and community colleges. POBs were initially issued from 2002 to 2007 by many local Oregon jurisdictions with this Fund Diversion provision to prepay their accrued unfunded pension liabilities in the Oregon's Public Employees Retirement System. Under these Fund Diversion Agreements, the State Board of Education agrees to make POB debt service payments to the POB bond trustee out of the annual state aid grants made to participating districts.

As of fiscal year-end 2021, local governments had $2.26 billion of outstanding POBs. After OARs were amended to reflect the provisions of SB1049, (ORS 238.697), local governments issued $1.88 billion of POBs during FY 2022. Local government issuers of POBs include pooled entities such as the Oregon School Board Association, Oregon Education District, the School Districts and Community Colleges. While most of these POBs were sold as non-callable taxable bonds, some were structured with call features on certain maturities, which allows for future refundings. All of the POB issued in FY 2022 utilized the Fund Diversion Agreement, which enhanced the rating of these POBs and lowered their interest costs paid by local governments.

Exhibit VI.2 shows the growth in the amount of POB debt service of school districts and community colleges. These POBs utilize the Fund Diversion agreement which diverts state school aid each year to pay district POB debt service. The Commission estimate that the State will divert $512 million in state school aid for this purpose in FY 2026, or 8.97% of combined annual state aid for school districts and community colleges.

Exhibit VI.2

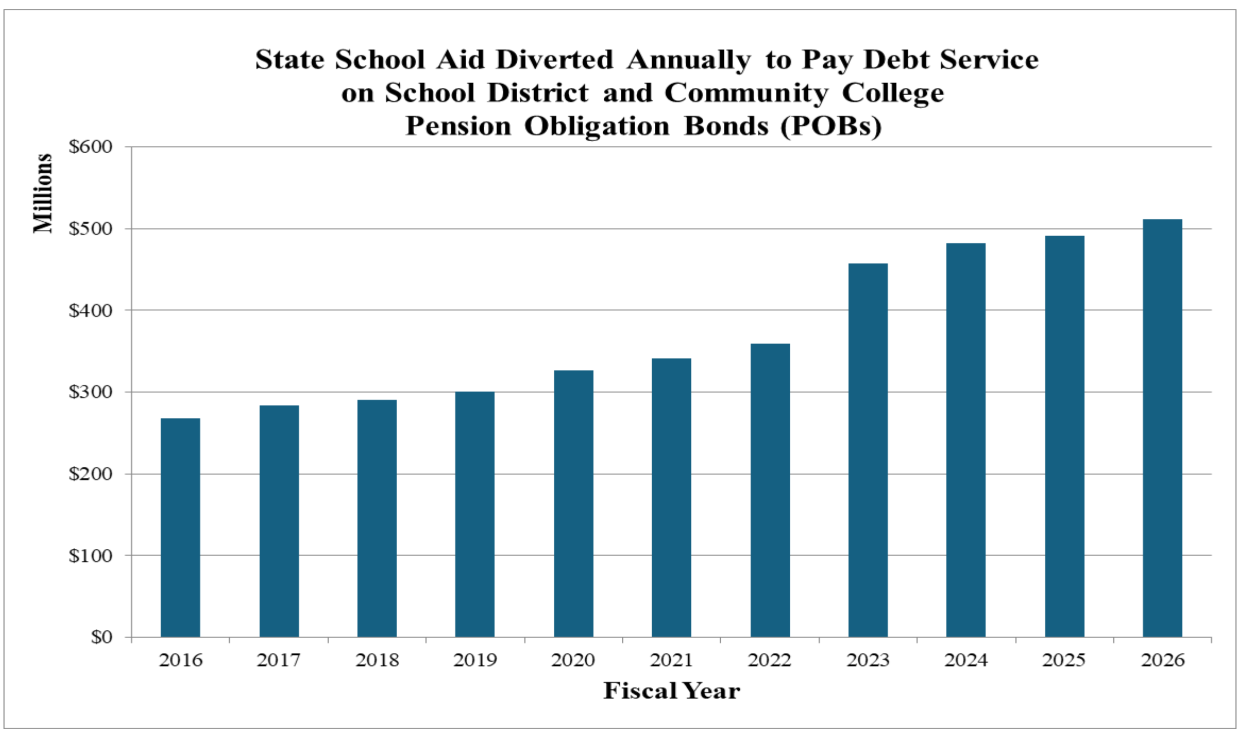
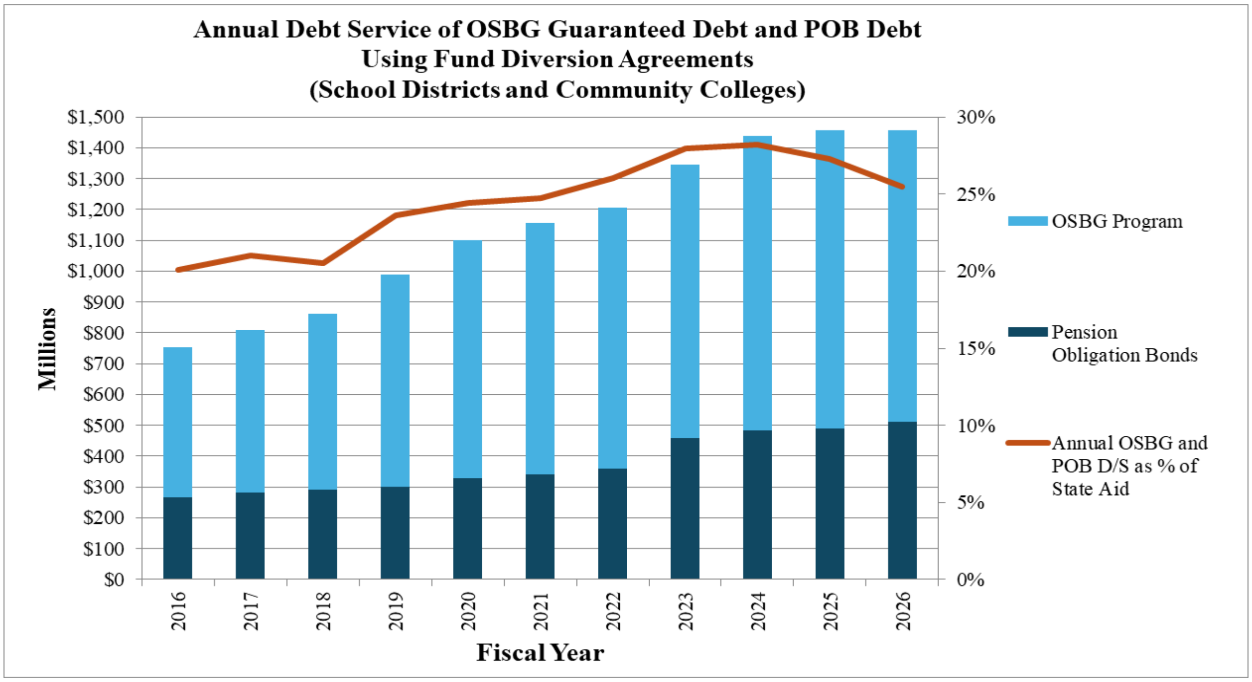


Exhibit VI.3 displays the steady growth in the State's combined annual guaranteed debt service for both the OSBG and the POB fund diversion programs. As the next chart shows, these state

aid intercept bonding programs are relying on a significant percentage of state aid to schools.
Exhibit VI.3



J. POBs Issued Pursuant to SB 1049 (ORS 238.697)

To address concerns over the growing levels of POBs issued by Oregon school districts and local jurisdictions, the 2019 Legislative Assembly enacted SB 1049 (codified as ORS 238.697). The statute establishes certain prerequisites for the issuance of POBs by public bodies and additional post issuance reporting requirements for all POBs issued after June 11, 2019, to assist the State Treasurer in meeting its POB reporting requirements to the State Debt Policy Advisory Commission.

ORS 238.697 requires jurisdictions to generate and file a statistically based analysis of the expected earnings on POB proceeds over the life of the POB issue compared to the borrowing cost on these bonds. Once issued, each jurisdiction will provide Oregon Treasury staff with the actual borrowing cost, and annually, the actual earnings on POB proceeds. Treasury staff will track the estimated and actual earnings on these bond proceeds and compare them to the actual borrowing cost of the bonds, with the resulting information incorporated into the annual State Debt Policy Advisory Commission report, provided to the Legislative Assembly annually. Between passage of ORS 238.697 in June 2019 and June 30, 2021, there were no new issuances of POBs by any Oregon jurisdiction.

Since implementation of Oregon Administrative Rules (OAR), approved in May of 2021 by the Municipal Debt Advisory Commission (MDAC), 35 public bodies have issued POBs totaling $1.88 billion from July 2021 to June 2025. The POBs use the Fund Diversion Agreement that improves the creditworthiness of the bonds.

The following GIS maps highlight geographic dispersion and use of the OSBG program guaranty and Fund Diversion Agreements for POBs.

Exhibit VI.4

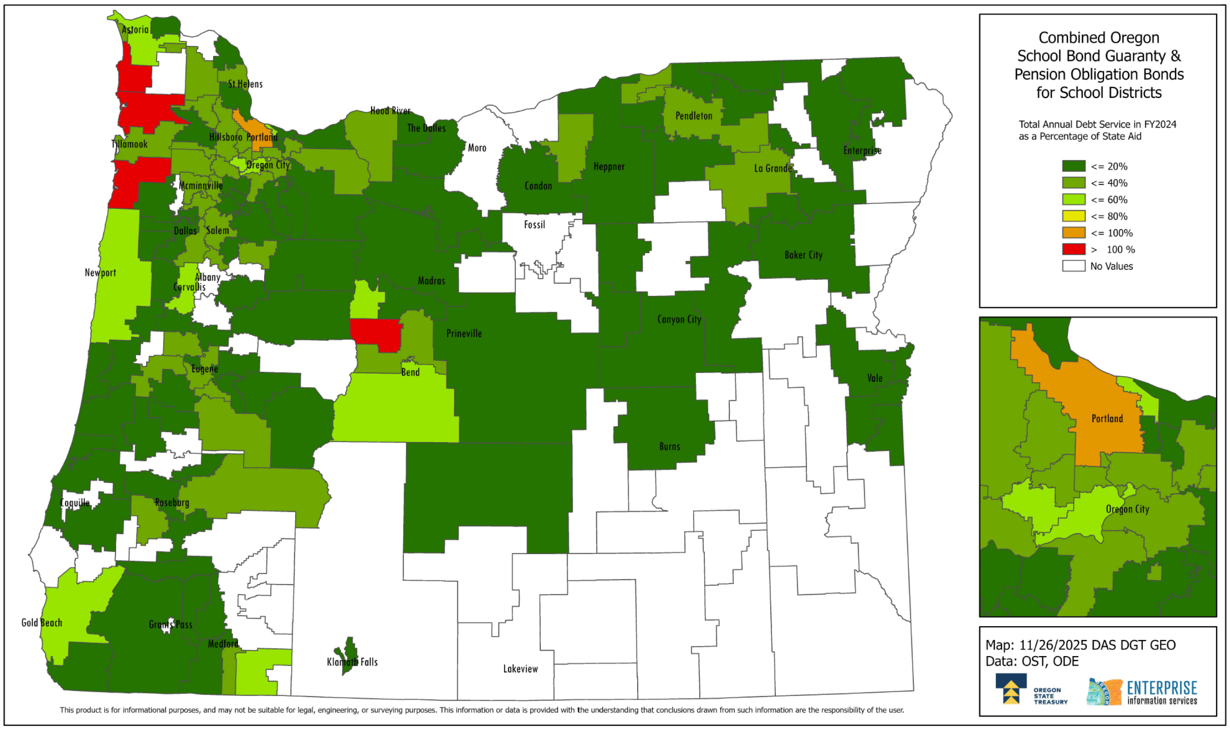
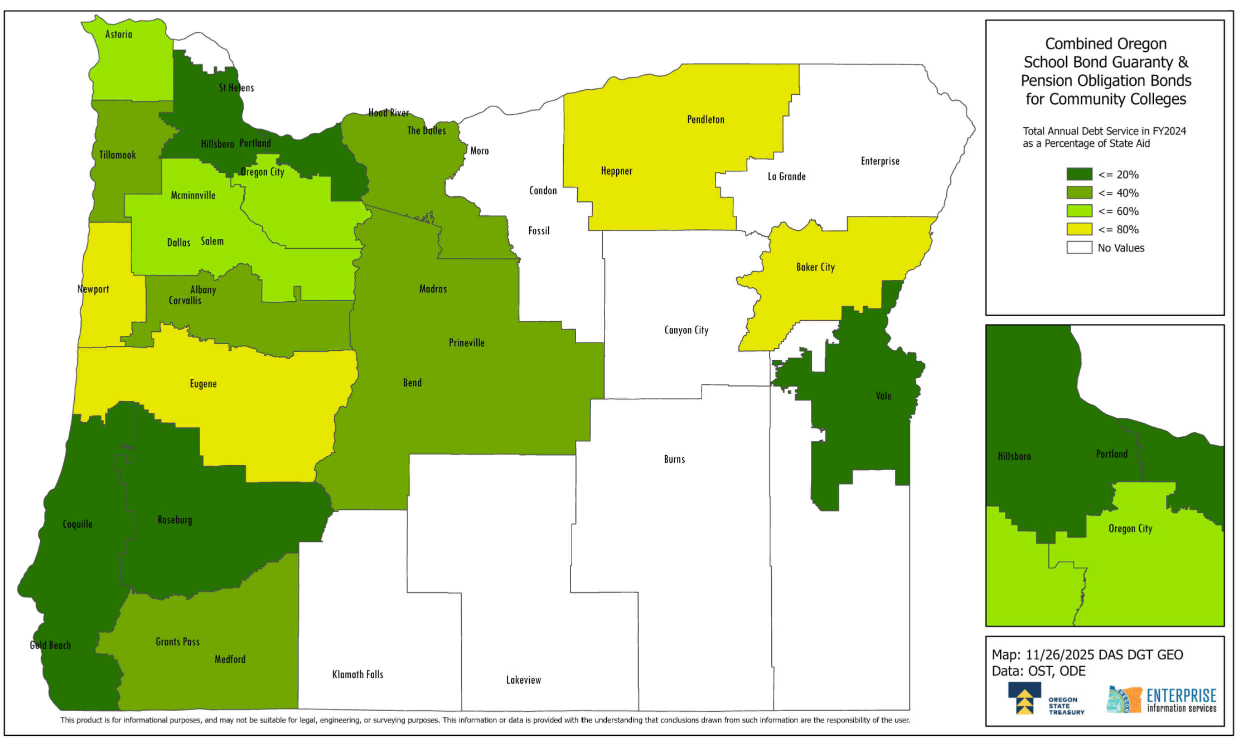


Exhibit VI.5



SUPPLEMENT A: Supporting Tables and Graphs

Table A-1

State of Oregon Bonding and Appropriation Credit Programs

Classification of Debt for Capacity and Debt Burden Determinations

Active State of Oregon Bonding Programs

- **General Obligation**
- **Direct Revenue**
- **Appropriation Credit**
- **Appropriation Credits**
- **Conduits**

General Fund-Supported Debt Programs

General Obligation Bond Programs:

- State Highway Bonds - Article XI Sec 7
- Higher Education Facility – Article XI-G
- Community College Bonds – Article XI-G
- Pollution Control Bonds – Article XI-H (52%)
- Alternate Energy Bonds – Article XI-J (80%)
- Oregon Opportunity Bonds – Article XI-L
- Seismic Rehab – Public Education Bldgs. (Article XI-M)
- Seismic Rehab – Emergency Services Bldgs. (Article XI-N)
- School District Capital Costs – Article XI-P
- State General Purpose Bonds Article XI-Q (92%)
- Pension Obligation Bonds – Article XI-O (40%)

***Direct Revenue Bond Programs*:**

Appropriation Credits

- Appropriation Bonds – SB 856 – 2003 Legislature
- Certificates of Participation – ORS 283.085 to 283.092 (100%)

Non Tax-Supported Debt Programs

General Obligation Bond Programs:

- Veterans' Welfare – Article XI-A
- Elderly & Disabled Housing Bonds – Article XI-I(2)
- Higher Education Building Bonds – Article XI-F(1)
- Pollution Control Bonds – Article-H (48%)
- Alternate Energy Bonds – Article XI-J (20%)
- State General Purpose Bonds – Article XI-Q (8%)
- Pension Obligation Bonds – Article XI-O (60%)

***Direct Revenue Bond Programs*:**

- Single & Multi-Family Housing Bonds – ORS 456.661
- Oregon Infrastructure Authority Bond Bank – ORS 285B.482

Conduit Revenue Bond Programs:

- Economic & Industrial Development Bonds – ORS 285.310 to 285.397
- Oregon Facilities Authority – ORS Ch. 289
- Housing Development Revenue Bonds – ORS 456.692

Net Tax-Supported Debt

All General Fund-Supported Debt Programs

Plus

***Direct Revenue Bond Programs*:**

- Lottery Revenue Programs – ORS 286A.563 to 286A.585
- Highway User Tax Bonds – ORS 367.620

Table A-2

Net Tax-Supported Debt Authorizations for 2025-2027 Biennium

Net Tax-Supported Debt Programs	2025-2027 Biennium Authorization	FY 2026 Issuance*	FY 2027 Issuance*
Community College Bonds (Article XI-G)	$ 36,285,000	$ 18,142,500	$ 18,142,500
Dept. of Higher Education Facility Bonds (Article XI-G)	106,780,000	53,390,000	53,390,000
Seismic Rehab – Public Education Buildings (Article XI-M)	100,910,000	50,455,000	50,455,000
Seismic Rehab – Emergency Services Buildings (Article XI-N)	50,580,000	25,290,000	25,290,000
Dept. of Education – School Construction Bonds (Article XI-P)	50,455,500	25,227,500	25,227,500
State General Purpose Bonds (Article XI-Q)	1,931,996,550	709,352,500	1,222,644,050
Lottery Revenue Bonds ORS 286.563-585	580,785,000	247,257,600	333,527,400
Highway User Tax Bonds ORS 376.620	1,195,000,000	597,500,000	597,500,000
Dept. of Transportation –State Highway Bonds (Article XI (Sect7))	251,825,000	125,912,500	125,912,500
Appropriation Credits	13,037,910	6,518,955	6,518,955
Total Net Tax-Supported Debt Authorizations	**$ 4,317,654,460**	**$ 1,859,046,555**	**$ 2,458,607,905**

*Assumed to be equally split where necessary

Table A-3
General Fund-Supported Debt Service by year[1]
(as of June 30, 2025)

Fiscal Year	DAS COP (ORS 283 & 286A) (100%)	ODOT State Hwy XI Sec 7 (100%)	Dept. of Ed. CCWD (XI-G) (100%)	DAS Dept. of Hi-Ed. Facility (XI-G) (100%)	DEQ Pollution Control (XI-H) (52% GF Paid)	DOE Alternate Energy (XI-J) (80% GF Paid)	Orphan Sites (XI-H) (52% GF Paid)	DAS Seismic Public Ed. Bldgs.(XI-M) (100%)	DAS Seismic - Emergency Services Bldgs.(XI-N) (100%)	DAS Pension Obligation (XI-O) (40% GF Paid)	DAS School Cap. Cost (XI-P) (100%)	DAS General Purpose (XI-Q) (92% GF Paid)	Total General Fund-Supported Debt Service
2026	$7,297,669	$19,273,825	$22,396,056	$65,751,023	$1,689,771	$10,054,833	$209,925	$37,665,039	$12,357,917	$266,429,051	$36,782,998	$408,136,174	$728,186,850
2027	7,294,818	19,269,125	25,442,585	68,188,610	1,423,578	9,174,186	209,951	37,681,315	12,362,575	277,749,421	36,789,588	394,162,621	723,098,721
2028	7,296,095	19,276,125	25,436,026	66,593,790	1,427,060	8,973,045	209,770	37,682,464	12,362,639		36,795,838	382,778,299	598,831,152
2029	7,297,764	19,272,250	24,598,131	63,534,175	1,264,653	8,575,039	211,931	37,690,538	12,369,837	-	36,806,213	378,887,975	590,508,504
2030	7,298,212	19,271,875	24,006,467	61,564,193	1,269,237	6,865,593	211,232	37,693,058	12,351,686	-	36,808,213	366,677,662	574,017,427
2031	7,297,685	19,269,375	23,998,107	59,872,578	1,267,182	5,692,394	210,327	37,702,499	12,358,510	-	36,819,963	354,963,332	559,451,951
2032	7,295,468	19,268,750	24,201,225	58,136,314	1,268,760	3,795,113	211,763	37,706,028	12,358,480	-	36,833,213	339,020,539	540,095,653
2033	7,293,485	19,269,000	23,713,888	55,265,833	1,268,799	1,613,010	210,340	37,710,132	12,365,921	-	36,820,588	331,330,538	526,861,533
2034	7,293,930	19,274,125	23,706,122	55,295,998	849,762	1,123,610	211,259	37,728,056	12,364,922	-	36,835,088	323,142,040	517,824,911
2035	7,293,551	19,273,000	19,846,434	53,412,974	849,005		211,867	37,720,943	12,363,829	-	36,847,588	313,775,621	501,594,812
2036	7,293,807	19,274,750	19,847,287	53,297,983	852,065	-	209,616	36,329,868	11,077,657	-	36,850,463	290,751,250	475,784,745
2037	7,294,011	19,273,250	17,554,196	50,186,901	851,011	-	209,707	32,865,313	10,867,963	-	36,865,213	264,248,038	440,215,602
2038	7,293,752	19,272,375	17,549,106	49,639,936	851,080	-	209,487	23,843,188	8,905,913	-	28,561,713	243,886,965	400,013,515
2039	7,297,620	19,270,875	16,488,472	47,332,744	646,678	-	-	22,124,288	8,216,663	-	28,576,963	230,242,646	380,196,949
2040		19,272,500	15,693,598	45,368,424	469,560	-	-	17,434,638	7,620,513	-	21,735,463	206,087,148	333,681,843
2041	-	19,275,750	8,902,019	41,887,040		-	-	14,339,738	7,618,713	-	21,747,213	197,508,496	311,278,968
2042	-	19,274,250	8,646,282	37,514,749		-	-	11,579,388	6,657,263	-	14,453,713	173,641,265	271,766,909
2043	-	19,276,500	8,657,115	28,510,285		-	-	7,656,625	5,171,650	-	14,462,600	121,475,827	205,210,602
2044	-	17,223,500	7,020,425	17,691,300		-	-	3,967,925	3,394,913	-	7,538,425	93,593,545	150,430,033
2045	-	17,226,500	4,578,851	15,130,374		-	-		1,594,538	-	7,541,163	64,482,193	110,553,618
2046	-	17,223,750	4,570,596	9,001,879		-	-			-	-	21,801,183	52,597,408
2047	-	17,224,000	2,881,246	5,964,429		-	-			-	-	19,091,104	45,160,779
2048	-	17,225,500	1,686,683	3,336,942		-	-			-	-	16,043,719	38,292,844
2049		17,226,500	1,687,354	3,338,521								5,814,193	28,066,568
2050		17,225,250	1,687,846	3,031,904								5,814,642	27,759,642
2051			1,687,980	3,032,145									4,720,125
Total	**$ 102,137,868**	**$ 467,482,700**	**$ 376,484,096**	**$ 1,021,881,044**	**$ 16,248,203**	**$ 69,833,528**	**$ 2,737,177**	**$ 584,792,848**	**$ 173,649,926**	**$ 319,898,309**	**$ 494,956,492**	**$ 4,203,553,989**	**$ 9,136,201,661**

[1] Oregon Opportunity (OHSU) bonds have matured and fully paid out in FY 2024

Table A-4

General Fund-Supported Debt*
Debt Service by Year
(as of June 30, 2025)

Fiscal Year	Principal	Interest	Debt Service
2025-2026	$439,557,400	$288,629,450	$728,186,850
2026-2027	452,840,400	270,258,321	723,098,721
2027-2028	349,265,600	249,565,552	598,831,152
2028-2029	355,590,800	234,917,704	590,508,504
2029-2030	354,191,800	219,825,627	574,017,427
2030-2031	354,813,400	204,638,551	559,451,951
2031-2032	350,971,400	189,124,253	540,095,653
2032-2033	353,498,200	173,363,333	526,861,533
2033-2034	360,581,200	157,243,711	517,824,911
2034-2035	360,911,200	140,683,612	501,594,812
2035-2036	351,748,400	124,036,345	475,784,745
2036-2037	332,354,400	107,861,202	440,215,602
2037-2038	307,243,600	92,769,915	400,013,515
2038-2039	301,529,000	78,667,949	380,196,949
2039-2040	268,825,000	64,856,843	333,681,843
2040-2041	258,996,800	52,282,168	311,278,968
2041-2042	231,978,400	39,788,509	271,766,909
2042-2043	176,895,200	28,315,402	205,210,602
2043-2044	130,844,800	19,585,233	150,430,033
2044-2045	97,473,200	13,080,418	110,553,618
2045-2046	44,238,200	8,359,208	52,597,408
2046-2047	38,873,800	6,286,979	45,160,779
2047-2048	33,854,200	4,438,644	38,292,844
2048-2049	25,338,600	2,727,968	28,066,568
2049-2050	26,309,600	1,450,042	27,759,642
2049-2050	4,605,000	115,125	4,720,125
Total:	**$ 6,363,329,600**	**$ 2,772,872,061**	**$ 9,136,201,661**

Note: May not sum due to rounding.
Comprises $6,285,959,600 GO (GFSD) and $77,370,000 COPs (GFSD)

Table A-5
Net Tax-Supported Debt
Annual Debt Service Requirements
(as of June 30, 2025)

Fiscal Year	Certificates of Participation	Community College Bonds (XI-G)	Higher Education Facility Bonds (XI-G)	State Highway G.O. Bonds (XI Sec 7)	Pension Obligation Bonds (XI-O)	School District Capitol Costs (XI-P)	DOE Alternate Energy Bonds (GF Supported)
2026	$7,297,669	$22,396,056	$65,751,023	$19,273,825	$266,429,051	$36,782,998	$10,054,833
2027	7,294,818	25,442,585	68,188,610	19,269,125	277,749,421	36,789,588	9,174,186
2028	7,296,095	25,436,026	66,593,790	19,276,125		36,795,838	8,973,045
2029	7,297,764	24,598,131	63,534,175	19,272,250		36,806,213	8,575,039
2030	7,298,212	24,006,467	61,564,193	19,271,875		36,808,213	6,865,593
2031	7,297,685	23,998,107	59,872,578	19,269,375		36,819,963	5,692,394
2032	7,295,468	24,201,225	58,136,314	19,268,750		36,833,213	3,795,113
2033	7,293,485	23,713,888	55,265,833	19,269,000		36,820,588	1,613,010
2034	7,293,930	23,706,122	55,295,998	19,274,125		36,835,088	1,123,610
2035	7,293,551	19,846,434	53,412,974	19,273,000		36,847,588	
2036	7,293,807	19,847,287	53,297,983	19,274,750		36,850,463	
2037	7,294,011	17,554,196	50,186,901	19,273,250		36,865,213	
2038	7,293,752	17,549,106	49,639,936	19,272,375		28,561,713	
2039	7,297,620	16,488,472	47,332,744	19,270,875		28,576,963	
2040		15,693,598	45,368,424	19,272,500		21,735,463	
2041		8,902,019	41,887,040	19,275,750		21,747,213	
2042		8,646,282	37,514,749	19,274,250		14,453,713	
2043		8,657,115	28,510,285	19,276,500		14,462,600	
2044		7,020,425	17,691,300	17,223,500		7,538,425	
2045		4,578,851	15,130,374	17,226,500		7,541,163	
2046		4,570,596	9,001,879	17,223,750			
2047		2,881,246	5,964,429	17,224,000			
2048		1,686,683	3,336,942	17,225,500			
2049		1,687,354	3,338,521	17,226,500			
2050		1,687,846	3,031,904	17,225,250			
2051		1,687,980	3,032,145				
	$ 102,137,868	**$ 574,117,235**	**$ 824,247,905**	**$ 467,482,700**	**$544,178,872**	**$586,472,211**	**$55,886,822**

Note: May not sum due to rounding.

Table A-5 (Continued)
Net Tax-Supported Debt
Annual Debt Service Requirements
(as of June 30, 2025)

Fiscal Year	DEQ Pollution Control Bonds (GF Supported)	Highway User Tax Revenue Bonds	State General Purpose GO's	Seismic Rehab - Public Ed Buildings (XI-M)	Seismic Rehab - Emergency Services Buildings (XI-N)	Lottery Revenue Bonds	Total Net Tax-Supported Debt
2026	$1,689,771	$130,475,000	$443,626,276	$37,665,039	$12,357,917	$192,358,378	$1,249,589,634
2027	1,423,578	140,130,000	428,437,632	37,681,315	12,362,575	185,512,276	1,258,482,532
2028	1,427,060	147,125,000	416,063,369	37,682,464	12,362,639	166,694,464	962,736,941
2029	1,264,653	148,725,000	411,834,755	37,690,538	12,369,837	153,933,375	935,374,201
2030	1,269,237	153,220,000	398,562,676	37,693,058	12,351,686	149,670,639	917,145,711
2031	1,267,182	160,355,000	385,829,708	37,702,499	12,358,510	140,603,250	898,120,663
2032	1,268,760	164,965,000	368,500,586	37,706,028	12,358,480	120,954,055	861,091,769
2033	1,268,799	172,295,000	360,141,889	37,710,132	12,365,921	119,361,902	851,092,744
2034	849,762	179,035,000	351,241,348	37,728,056	12,364,922	106,741,614	831,896,463
2035	849,005	193,555,000	341,060,457	37,720,943	12,363,829	103,551,167	821,681,644
2036	852,065	124,925,000	316,033,968	36,329,868	11,077,657	94,887,448	712,903,460
2037	851,011	130,850,000	287,226,128	32,865,313	10,867,963	94,867,277	678,209,370
2038	851,080	137,055,000	265,094,527	23,843,188	8,905,913	82,030,527	625,819,584
2039	646,678	143,445,000	250,263,746	22,124,288	8,216,663	82,029,001	607,213,204
2040	469,560	128,180,000	224,007,770	17,434,638	7,620,513	69,921,730	549,710,387
2041		134,515,000	214,683,148	14,339,738	7,618,713	69,891,413	528,601,910
2042		85,120,000	188,740,506	11,579,388	6,657,263	69,910,003	436,176,112
2043		89,260,000	132,038,943	7,656,625	5,171,650	52,878,285	350,905,285
2044		6,285,000	101,732,114	3,967,925	3,394,913	35,463,400	192,197,320
2045		6,620,000	70,089,340		1,594,538	24,865,313	140,921,418
2046		6,980,000	23,696,938				56,874,589
2047		7,355,000	20,751,200				50,330,019
2048		7,750,000	17,438,825				44,271,713
2049			6,319,775				26,293,675
2050			6,320,263				26,797,500
2051							4,605,000
	$ 16,248,958	**$ 3,581,404,380**	**$ 6,029,735,886**	**$ 547,121,038**	**$ 194,742,098**	**$ 2,116,125,517**	**$ 14,619,042,847**

Note: May not sum due to rounding.

Table A-6
Net Tax-Supported Debt
Debt Service by Year
(as of June 30, 2025)

Fiscal Year	Principal	Interest	Total
2025-2026	$846,083,200	$403,506,434	$1,249,589,634
2026-2027	879,214,400	379,268,132	1,258,482,532
2027-2028	610,867,600	351,869,341	962,736,941
2028-2029	610,670,000	324,704,201	935,374,201
2029-2030	613,194,200	303,951,511	917,145,711
2030-2031	615,417,200	282,703,463	898,120,663
2031-2032	599,487,000	261,604,769	861,091,769
2032-2033	610,619,200	240,473,544	851,092,744
2033-2034	614,793,200	217,103,263	831,896,463
2034-2035	629,205,600	192,476,044	821,681,644
2035-2036	544,424,600	168,478,860	712,903,460
2036-2037	531,983,600	146,225,770	678,209,370
2037-2038	501,880,200	123,939,384	625,819,584
2038-2039	504,205,600	103,007,604	607,213,204
2039-2040	467,012,200	82,698,187	549,710,387
2040-2041	466,220,000	62,381,910	528,601,910
2041-2042	391,380,000	44,796,112	436,176,112
2042-2043	322,655,000	28,250,285	350,905,285
2043-2044	176,685,000	15,512,320	192,197,320
2044-2045	132,555,000	8,366,418	140,921,418
2045-2046	52,845,000	4,029,589	56,874,589
2046-2047	47,700,000	2,630,019	50,330,019
2047-2048	42,885,000	1,386,713	44,271,713
2048-2049	25,795,000	498,675	26,293,675
2049-2050	26,790,000	7,500	26,797,500
2050-2051	4,605,000		4,605,000
Total:	**$ 10,869,172,800**	**$ 3,749,870,047**	**$ 14,619,042,847**

Note: May not sum due to rounding

Table A-7

Lottery Revenue Debt
Total Principal and Interest Debt Service by Year
(as of June 30, 2025)

Fiscal Year	Principal	Interest	Total
2026	$124,775,000	$67,583,378	$192,358,378
2027	120,745,000	64,767,276	185,512,276
2028	107,120,000	59,574,464	166,694,464
2029	99,135,000	54,798,375	153,933,375
2030	99,425,000	50,245,639	149,670,639
2031	94,745,000	45,858,250	140,603,250
2032	79,290,000	41,664,055	120,954,055
2033	81,120,000	38,241,902	119,361,902
2034	72,090,000	34,651,614	106,741,614
2035	72,385,000	31,166,167	103,551,167
2036	67,355,000	27,532,448	94,887,448
2037	70,735,000	24,132,277	94,867,277
2038	61,480,000	20,550,527	82,030,527
2039	64,570,000	17,459,001	82,029,001
2040	55,700,000	14,221,730	69,921,730
2041	58,465,000	11,426,413	69,891,413
2042	61,420,000	8,490,003	69,910,003
2043	47,525,000	5,353,285	52,878,285
2044	32,540,000	2,923,400	35,463,400
2045	23,625,000	1,240,313	24,865,313
Total:	**$1,494,245,000**	**$621,880,517**	**$ 2,116,125,517**

Table A-8

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY25-26
***Net State Aid does not include State Managed Timber Revenues or Property Taxes**
Highlighted orange rows indicate % of Total Debt Service / *Net State Aid > 80%
Highlighted yellow rows indicate % of Total Debt Service / *Net State Aid > 100%

District Type	District	FYE25 Pension Annual P&I DS	FYE25 OSBG Annual P&I DS	FYE25 Annual DS P&I Total	FYE25 State Aid	FYE25 % OSBG/*Net State Aid	FYE25 % Total DS/*Net State Aid
School	Tillamook Cty SD 101 (Nestucca Valley)	$278,848	$2,276,500	$2,555,348	$66,445	420%	3846%
School	Clatsop cty SD 10 (Seaside)	1,038,480	5,460,056	6,498,536	191,408	543%	3395%
School	Tillamook cty SD 56 (Neah-Kah-Nie)	-	1,478,815	1,478,815	93,374	0%	1584%
School	Deschutes cty SD 6 (Sisters)	1,045,144	3,273,700	4,318,844	4,035,020	26%	107%
School	Multnomah cty SD 1J (Portland)	$63,716,823	$165,570,425	$229,287,248	$259,307,530	25%	88%
Community College	Blue Mountain Community College	1,125,197	2,122,306	3,247,503	4,406,384	26%	74%
Community College	Lane Community College	6,539,250	13,224,844	19,764,094	31,446,223	21%	63%
Community College	Oregon Coast Community College	239,035	2,140,975	2,380,010	3,792,482	6%	63%
School	Jackson cty SD 5 (Ashland)	-	7,813,900	7,813,900	14,120,470	0%	55%
School	Jefferson cty SD 41 (Black Butte)	-	121,727	121,727	227,538	0%	53%
School	Clackamas Cty SD 3J (W.Linn-Wilsonville)	4,978,467	29,344,551	34,323,018	64,998,824	8%	53%
School	Lincoln Cty Unified SD	6,116,208	5,625,500	11,741,708	22,549,006	27%	52%
School	Clatsop cty SD 1 (Astoria)	2,234,212	4,069,900	6,304,112	12,802,101	17%	49%
School	Washington cty SD 88J (Sherwood)	1,557,440	16,271,025	17,828,465	36,799,526	4%	48%
School	Multnomah cty SD 3 (Parkrose)	3,400,730	4,043,422	7,444,151	15,796,901	22%	47%
School	Deschutes Cty SD 1 (Bend-La Pine)	9,002,191	39,826,022	48,828,213	105,005,133	9%	47%
Community College	Clackamas Community College	3,262,528	7,122,219	10,384,747	22,619,560	14%	46%
Community College	Clatsop Community College	802,563	967,743	1,770,306	4,106,512	20%	43%
School	Curry cty SD 1 (Central Curry)	-	931,727	931,727	2,164,810	0%	43%
Community College	Chemeketa Community College	6,193,593	11,533,025	17,726,618	41,278,306	15%	43%
School	Clackamas cty SD 115 (Gladstone)	2,135,971	4,635,000	6,770,971	15,954,870	13%	42%
Community College	Clatsop Community College	802,563	967,743	1,770,306	4,106,512	20%	43%
School	Curry cty SD 1 (Central Curry)	-	931,727	931,727	2,164,810	0%	43%
Community College	Chemeketa Community College	6,193,593	11,533,025	17,726,618	41,278,306	15%	43%
School	Clackamas cty SD 115 (Gladstone)	2,135,971	4,635,000	6,770,971	15,954,870	13%	42%
School	Benton cty SD 509J (Corvallis)	3,027,358	15,264,638	18,291,995	44,218,365	7%	41%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY25-26
***Net State Aid does not include State Managed Timber Revenues or Property Taxes**
Highlighted orange rows indicate % of Total Debt Service / *Net State Aid > 80%
Highlighted yellow rows indicate % of Total Debt Service / *Net State Aid > 100%

District Type	District	FYE25 Pension Annual P&I DS	FYE25 OSBG Annual P&I DS	FYE25 Annual DS P&I Total	FYE25 State Aid	FYE25 % OSBG/*Net State Aid	FYE25 % Total DS/*Net State Aid
School	Lane cty SD 4J (Eugene)	5,951,497	38,035,448	43,986,944	112,215,164	5%	39%
Community College	Central Oregon Community College	1,481,542	3,102,000	4,583,542	11,897,678	12%	39%
School	Tillamook cty SD 9 (Tillamook)	2,136,539	1,429,500	3,566,039	9,351,463	23%	38%
School	Clackamas cty SD 12 (North Clackamas)	14,330,763	39,631,199	53,961,962	143,394,375	10%	38%
School	Columbia cty SD 502 (St Helens)	3,161,190	5,246,983	8,408,173	24,552,988	21%	34%
School	Morrow Cty SD 2 (Ione)	-	822,813	822,813	2,282,508	0%	36%
School	Clackamas cty SD 7J (Lake Oswego)	5,638,691	8,700,025	14,338,716	40,020,052	14%	36%
Community College	Rogue Community College	2,135,998	1,692,650	3,828,648	10,776,638	20%	36%
School	Washington cty SD 1J (Hillsboro)	11,348,612	41,774,217	53,122,829	152,097,528	7%	35%
School	Deschutes cty SD 2J (Redmond)	3,605,582	15,143,124	18,748,706	54,335,208	7%	35%
School	Clackamas cty SD 86 (Canby)	4,529,419	7,895,114	12,424,533	36,042,310	13%	34%
School	Yamhill cty SD 29J (Newberg)	4,462,566	6,492,400	10,954,966	32,530,448	14%	34%
Community College	Columbia Gorge Community College (Treaty-Oak AED)	437,720	1,751,450	2,189,170	6,922,731	6%	32%
School	Washington cty SD 48J (Beaverton)	18,862,679	82,691,118	101,553,797	322,480,856	6%	31%
School	Columbia cty SD 47J (Vernonia)	-	1,102,205	1,102,205	3,514,268	0%	31%
Community College	Tillamook Bay Community College	182,440	1,142,908	1,325,348	4,248,541	4%	31%
School	Yamhill cty SD 8 (Dayton)	932,144	1,531,600	2,463,744	8,131,628	11%	30%
School	Yamhill cty SD 4J (Amity)	842,216	1,473,350	2,315,566	7,711,467	11%	30%
School	Washington cty SD 23J (Tigard-Tualatin)	4,392,520	19,414,175	23,806,695	79,680,516	6%	30%
School	Clatsop cty SD 30 (Warrenton-Hammond)	346,763	2,039,600	2,386,363	7,992,477	4%	30%
School	Jackson cty SD 4 (Phoenix-Talent)	1,758,544	3,636,450	5,394,994	18,276,279	10%	30%
School	Umatilla Cty SD 16R (Pendleton)	3,226,085	5,527,831	8,753,916	29,876,133	11%	29%
School	Lane cty SD 45J3 (South Lane)	4,483,733	3,205,888	7,689,621	27,810,249	16%	28%
School	Lane cty SD 28J (Fern Ridge)	812,313	2,502,235	3,314,548	12,172,250	7%	27%
School	Umatilla cty SD 8 (Hermiston)	6,748,984	8,794,157	15,543,141	57,703,559	12%	27%
School	Douglas cty SD 12 (Glide)	389,633	977,400	1,367,033	5,259,321	7%	26%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY25-26
***Net State Aid does not include State Managed Timber Revenues or Property Taxes**
Highlighted orange rows indicate % of Total Debt Service / *Net State Aid > 80%
Highlighted yellow rows indicate % of Total Debt Service / *Net State Aid > 100%

District Type	District	FYE25 Pension Annual P&I DS	FYE25 OSBG Annual P&I DS	FYE25 Annual DS P&I Total	FYE25 State Aid	FYE25 % OSBG/*Net State Aid	FYE25 % Total DS/*Net State Aid
School	Multnomah cty SD 10J (Gresham-Barlow)	7,672,464	21,663,675	29,336,139	113,644,020	7%	26%
School	Yamhill Cty SD 1 (Yamhill-Carlton)	1,201,372	991,150	2,192,522	8,676,203	14%	25%
School	Union cty SD 1 (La Grande)	1,191,778	3,664,329	4,856,107	19,568,997	6%	25%
School	Marion cty SD 29J (North Santiam)	1,993,100	2,457,494	4,450,594	17,984,774	11%	25%
Community College	Linn-Benton Community College	3,255,698	3,356,400	6,612,098	27,538,681	12%	24%
School	Multnomah cty SD 51J (Riverdale)	519,453	423,537	942,990	3,931,927	13%	24%
School	Washington cty SD 511J (Gaston)	516,045	588,250	1,104,295	4,730,667	11%	23%
School	Clackamas cty SD 62 (Oregon City)	5,125,504	8,331,945	13,457,449	57,787,182	9%	23%
School	Hood River Cty SD (Hood River)	3,046,747	4,956,800	8,003,547	35,453,762	9%	23%
School	Yamhill cty SD 40 (McMinnville)	3,611,300	10,680,924	14,292,224	64,391,385	6%	22%
School	Umatilla cty SD 61 (Stanfield)	450,688	820,600	1,271,288	5,750,289	8%	22%
School	Lane cty SD 69 (Junction City)	1,055,721	2,028,750	3,084,471	14,320,634	7%	22%
School	Clackamas Cty SD 46 (Oregon Trail)	-	7,342,250	7,342,250	34,156,842	0%	21%
School	Marion cty SD 14J (Jefferson)	875,430	775,300	1,650,730	7,748,219	11%	21%
School	Washington cty SD 13 (Banks)	371,502	1,405,000	1,776,502	8,437,257	4%	21%
School	Polk cty SD 13J (Central)	2,573,548	4,151,592	6,725,140	32,277,181	8%	21%
School	Lane cty SD 40 (Creswell)	468,970	1,664,353	2,133,322	10,327,251	5%	21%
School	Marion Cty SD 24J (Salem Keizer)	24,769,978	62,104,103	86,874,080	421,234,328	6%	21%
School	Douglas cty SD 116 (Winston-Dillard)	1,576,989	1,078,200	2,655,189	12,907,913	12%	21%
School	Multnomah cty SD 7 (Reynolds)	10,275,490	10,772,326	21,047,816	103,130,457	10%	20%
School	Marion cty SD 15 (North Marion)	1,516,174	2,156,750	3,672,924	18,042,521	8%	20%
School	Washington cty SD 15 (Forest Grove)	3,099,143	8,861,435	11,960,578	58,759,934	5%	20%
School	Crook Cty School District	2,984,486	2,007,422	4,991,908	26,043,760	11%	19%
School	Umatilla cty SD 2 (Pilot Rock)	287,584	464,060	751,644	4,122,703	7%	18%
School	Lane cty SD 1 (Pleasant Hill)	-	1,530,656	1,530,656	8,578,308	0%	18%
School	Coos cty SD 9 (Coos Bay)	1,405,978	3,640,288	5,046,266	28,526,067	5%	18%
School	Lane cty SD 97J (Siuslaw)	1,181,425	-	1,181,425	6,683,763	18%	18%
School	Marion cty SD 45 (St Paul)	-	603,600	603,600	3,427,958	0%	18%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY25-26
***Net State Aid does not include State Managed Timber Revenues or Property Taxes**
Highlighted orange rows indicate % of Total Debt Service / *Net State Aid > 80%
Highlighted yellow rows indicate % of Total Debt Service / *Net State Aid > 100%

District Type	District	FYE25 Pension Annual P&I DS	FYE25 OSBG Annual P&I DS	FYE25 Annual DS P&I Total	FYE25 State Aid	FYE25 % OSBG/*Net State Aid	FYE25 % Total DS/*Net State Aid
School	Columbia cty SD 1J (Scappoose)	-	3,050,900	3,050,900	17,350,503	0%	18%
School	Linn cty SD 55 (Sweet Home)	2,183,260	1,792,000	3,975,260	22,894,469	10%	17%
School	Lane cty SD 19 (Springfield)	6,388,023	8,790,616	15,178,639	88,090,086	7%	17%
School	Marion cty SD 4J (Silver Falls)	2,048,713	4,341,955	6,390,668	37,091,681	6%	17%
School	Harney Cty SD 3 (Burns)	1,303,566	-	1,303,566	7,569,393	17%	17%
School	Douglas cty SD 105 (Reedsport)	363,250	682,342	1,045,592	6,125,808	6%	17%
Community College	Southwestern Oregon Community College	1,544,473	-	1,544,473	9,254,287	17%	17%
School	Lane cty SD 52 (Bethel)	-	7,568,101	7,568,101	45,382,624	0%	17%
Community College	Portland Community College	12,012,588	9,498,826	21,511,414	129,346,264	9%	17%
School	Clatsop cty SD 4 (Knappa)	-	701,800	701,800	4,353,644	0%	16%
School	Jefferson Cty SD 509J (Madras)	1,553,253	3,431,659	4,984,912	31,405,421	5%	16%
School	Marion cty SD 91 (Mt Angel)	-	1,264,947	1,264,947	7,980,681	0%	16%
School	Klamath Cty SD 1 (Klamath Falls)	-	4,193,956	4,193,956	26,661,573	0%	16%
Community College	Mt Hood Community College	6,245,304	-	6,245,304	40,562,678	15%	15%
School	Umatilla Cty USD 7 (Milton-Freewater)	1,667,889	873,200	2,541,089	16,880,549	10%	15%
School	Umatilla Cty SD 5R (Echo)	215,718	388,800	604,518	4,040,385	5%	15%
School	Benton cty SD 1J (Monroe)	214,673	410,725	625,398	4,191,073	5%	15%
School	Clackamas cty SD 108 (Estacada)	1,400,305	2,597,575	3,997,880	29,034,420	5%	14%
School	Marion cty SD 5 (Cascade)	1,947,334	1,751,250	3,698,584	26,878,470	7%	14%
School	Curry Cty SD 17 (Brookings-Harbor)	1,292,812	-	1,292,812	9,554,490	14%	14%
Community College	Treasure Valley Community College	1,371,145	-	1,371,145	10,211,464	13%	13%
School	Wasco cty SD 29 (Dufur)	-	502,200	502,200	3,845,903	0%	13%
School	Marion cty SD 103 (Woodburn)	-	8,052,436	8,052,436	64,747,809	0%	12%
School	Jackson cty SD 549C (Medford)	2,465,000	12,786,050	15,251,050	123,145,593	2%	12%
School	Columbia cty SD 13 (Rainier)	745,860	-	745,860	6,098,818	12%	12%
School	Clackamas cty SD 35 (Molalla River)	2,641,179	-	2,641,179	21,739,854	12%	12%
School	Multnomah cty SD 40 (David Douglas)	3,936,639	8,305,014	12,241,653	100,859,934	4%	12%
School	Polk cty SD 2 (Dallas)	-	3,426,150	3,426,150	28,436,795	0%	12%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY25-26
***Net State Aid does not include State Managed Timber Revenues or Property Taxes**
Highlighted orange rows indicate % of Total Debt Service / *Net State Aid > 80%
Highlighted yellow rows indicate % of Total Debt Service / *Net State Aid > 100%

District Type	District	FYE25 Pension Annual P&I DS	FYE25 OSBG Annual P&I DS	FYE25 Annual DS P&I Total	FYE25 State Aid	FYE25 % OSBG/*Net State Aid	FYE25 % Total DS/*Net State Aid
School	Douglas cty SD 19 (South Umpqua)	1,654,609	-	1,654,609	14,110,942	12%	12%
School	Jefferson cty SD 4 (Culver)	-	855,400	855,400	7,299,044	0%	12%
School	Benton cty SD 17J (Philomath)	708,448	1,094,400	1,802,848	15,463,340	5%	12%
School	Wallowa cty SD 12 (Wallowa)	-	320,125	320,125	2,866,449	0%	11%
School	Wasco Cty SD 1 (South)	-	265,550	265,550	2,450,013	0%	11%
School	Gilliam cty SD 25J (Condon)	-	235,400	235,400	2,175,353	0%	11%
School	Union cty SD 11 (Imbler)	-	473,000	473,000	4,422,970	0%	11%
School	Linn cty SD 9 (Lebanon Community)	-	3,832,250	3,832,250	36,196,243	0%	11%
School	Union cty SD 5 (Union)	208,008	222,650	430,658	4,110,714	5%	10%
School	Douglas cty SD 130 (Sutherlin)	1,355,338	-	1,355,338	13,132,746	10%	10%
School	Linn cty SD 7J (Harrisburg)	-	798,400	798,400	8,199,112	0%	10%
School	Coos cty SD 54 (Bandon)	-	412,505	412,505	4,505,206	0%	9%
School	Marion cty SD 1 (Gervais)	1,222,036	-	1,222,036	13,508,264	9%	9%
School	Douglas Cty SD 4 (Roseburg)	4,292,680	-	4,292,680	48,629,817	9%	9%
Community College	Umpqua Community College	1,325,809	-	1,325,809	15,359,343	9%	9%
School	Josephine Cty SD (Three Rivers)	3,141,128	-	3,141,128	36,735,857	9%	9%
School	Lane cty SD 66 (Crow-Applegate-Lorane)	-	269,400	269,400	3,226,642	0%	8%
School	Umatilla Cty SD 29J (Athena-Weston)	-	507,663	507,663	6,088,858	0%	8%
School	Jackson cty SD 6 (Central Point)	-	3,562,950	3,562,950	42,891,516	0%	8%
School	Wasco Cty SD 21 (The Dalles) Bonds	1,927,230	-	1,927,230	24,008,585	8%	8%
School	Lane cty SD 32 (Mapleton)	-	204,500	204,500	2,568,098	0%	8%
School	Malheur cty SD 8C (Ontario)	1,182,783	1,033,040	2,215,823	28,061,598	4%	8%
School	Wallowa cty SD 21 (Enterprise)	-	366,083	366,083	4,654,395	0%	8%
School	Lake cty SD 14 (North Lake)	-	261,000	261,000	3,613,404	0%	7%
School	Grant cty SD 3 (John Day)	448,508	-	448,508	6,572,112	7%	7%
School	Lane cty SD 76 (Oakridge)	-	372,400	372,400	5,481,415	0%	7%
School	Yamhill cty SD 30J (Willamina)	293,247	275,600	568,847	8,457,941	3%	7%
School	Polk cty SD 57 (Falls City)	221,851	-	221,851	3,366,985	7%	7%
School	Multnomah cty SD 28J (Centennial)	-	3,789,850	3,789,850	57,788,730	0%	7%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY25-26

***Net State Aid does not include State Managed Timber Revenues or Property Taxes**
Highlighted orange rows indicate % of Total Debt Service / *Net State Aid > 80%
Highlighted yellow rows indicate % of Total Debt Service / *Net State Aid > 100%

District Type	District	FYE25 Pension Annual P&I DS	FYE25 OSBG Annual P&I DS	FYE25 Annual DS P&I Total	FYE25 State Aid	FYE25 % OSBG/*Net State Aid	FYE25 % Total DS/*Net State Aid
School	Jackson cty SD 35 (Rogue River)	-	583,298	583,298	9,811,512	0%	6%
School	Douglas cty SD 34 (Elkton)	-	193,800	193,800	3,511,069	0%	6%
School	Malheur Cty SD 84 (Vale) (UHD 3)	-	553,313	553,313	10,548,072	0%	5%
School	Morrow Cty SD 1	922,843	-	922,843	17,827,355	5%	5%
School	Umatilla cty SD 1 (Helix)	-	142,450	142,450	2,851,706	0%	5%
School	Grant cty SD 8 (Monument)	80,617	-	80,617	1,640,973	5%	5%
School	Linn cty SD 129J (Santiam Canyon)	513,576	1,061,650	1,575,226	32,953,746	2%	5%
School	Union cty SD 8J (North Powder)	-	204,050	204,050	4,288,036	0%	5%
School	Polk cty SD 21 (Perrydale)	-	172,650	172,650	3,762,031	0%	5%
School	Malheur cty SD 61 (Adrian)	-	169,367	169,367	4,342,850	0%	4%
School	Grant cty SD 16J (Dayville)	-	54,495	54,495	1,437,265	0%	4%
School	Multnomah cty SD 39 (Corbett)	-	411,952	411,952	10,997,444	0%	4%
School	Baker cty SD 5J (Baker)	1,013,378	828,581	1,841,959	51,969,220	2%	4%
School	Coos cty SD 13 (North Bend)	1,219,375	-	1,219,375	34,557,640	4%	4%
School	Umatilla Cty SD 6 (Umatilla)	486,833	-	486,833	13,874,421	4%	4%
School	Douglas cty SD 77 (Glendale)	-	107,350	107,350	3,066,489	0%	4%
School	Clackamas cty SD 53 (Colton)	-	187,629	187,629	6,152,191	0%	3%
School	Coos cty SD 41 (Myrtle Point)	-	148,790	148,790	5,740,352	0%	3%
School	Lane cty SD 71 (Lowell)	-	295,200	295,200	11,624,900	0%	3%
School	Malheur cty SD 26 (Nyssa)	-	450,200	450,200	18,393,050	0%	2%
School	Douglas cty SD 22 (North Douglas)	-	74,400	74,400	4,148,413	0%	2%
School	Benton cty SD 7J (Alsea)	-	91,950	91,950	4,804,341	2%	2%

* Excludes schools that do not have Pension or OSBG principal & interest debt service

SUPPLEMENT B:
Constitutional & Statutory Framework

GENERAL OBLIGATION BONDS

General Purpose Bonds – Article XI, Section 7. The Oregon Constitution Article XI, Section 7 prohibits the State from incurring indebtedness exceeding $50,000 without a constitutional amendment approved by voters. This single limitation applies to both General Purpose and short-term general obligation debt. Exceptions are provided such as in the case of war or invasion and also to build and maintain permanent roads. This section does not apply to real property leases up to 20 years entered into by the State for a public purpose. There are currently no General Purpose bonds currently outstanding for this purpose.

State Highway Bonds – Article XI, Section 7. Article XI, Section 7 of the Oregon Constitution approves the issuance of bonds up to one percent of the true cash value of property in the State for the purpose of building and maintaining permanent roads within the State. Although these bonds have the State's General Obligation (GO) backing as security, the debt service funding source is provided by specifically earmarked vehicle registration fees and gasoline and weight-mile tax revenues.

Veterans' Welfare Bonds – Article XI-A. This program, authorized by Article XI-A of Oregon's Constitution, allows the State to borrow up to eight percent of the true cash value (TCV) of all taxable property in the state to fund the Oregon War Veterans' Fund. The fund is used to finance farm and home loans for eligible veterans. Although bonds issued under this program are direct general obligations of the State, for which a property tax may be levied, the program is fully self-supporting from loan repayments.

State Power Development Bonds – Article XI-D. Article XI-D of the Oregon Constitution provides authority to issue long-term GO debt, up to one and one-half percent of true cash value of all taxable property in the state, to provide for the development of hydroelectric power plants and transmission and distribution lines. This amendment to the Oregon Constitution was adopted in 1932 and has never been used.

State Forest Rehabilitation Bonds – Article XI-E. Article XI-E of the Oregon Constitution authorized the establishment of the Forest Rehabilitation bond program. The Article permits the state's credit to be loaned and indebtedness incurred in an amount not to exceed three-sixteenths of one percent of the state's true cash value to provide for the reforestation of land that the State currently owns or may acquire for the purpose of reforestation. Funds generated by the reforestation must be used to repay any outstanding debt issued under this provision. Property taxes are authorized to assist in the repayment of the debt if necessary. In addition to constitutional provisions, statutes place a limit of $750,000 of debt per year that can be incurred for this program. This program was put in place in response to the 1933 "Tillamook Burn" which ravaged 240,000 acres of forest-land in Tillamook County. The program has not been used since 1971 and there are no outstanding bonds under this authorization.

Higher Education Building Bonds – Article XI-F (1). The Oregon Constitution allows the State to issue GO bonds for publicly-owned higher education facilities under two separate Articles, XI-F (1) and XI-G. Article XI-F(1) authorizes the State Board to borrow up to three-quarters of one percent of state true cash value to finance higher education building and land acquisition projects. Projects financed through this program must be fully self-supporting and self-liquidating from non-General Fund revenues, including tuition, gifts, grants, leases, and/or student building fees.

SB 270 (2013) authorized the establishment of independent universities with governing boards for the universities that were formerly part of the Oregon University System (OUS); these independent governing boards now have the ability to sell their own university revenue bonds that rely upon the same types of revenue streams for debt repayment that are also used for repayment of XI-F (1) bonds.

SB 270 required that in order for the newly independent universities to have continued access to the State's XI-F (1) bonding programs, any issuance of university revenue bonds must first be reviewed and approved by the Office of the State Treasurer (OST). Several revenue bonds have been reviewed and approved by OST to date for the University of Oregon and Oregon State University. These revenue bonds were eagerly accepted by the investing public, as both schools have strong, investment grade credit ratings. It is anticipated that the State will continue to issue XI-F (1) bonds for legislatively authorized projects for the balance of independent public universities with substantially lower or no credit ratings, given the significant interest cost savings afforded these universities by the State's higher credit ratings.

Higher Education Facilities and Community College Bonds – Article XI-G.[8] In addition to Article XI-F(1) provisions, Article XI-G, adopted in 1964, allows a debt limit of up to three-fourths of one percent TCV to finance public higher education institution and community college facilities that are not revenue producing. Unlike Article XI-F (1), however, Article XI-G requires that any indebtedness incurred under Article XI-G not exceed the dollar amount appropriated from the State's General Fund for the same or similar purpose as the indebtedness to be incurred. As a result, this type of bond is not issued, unless there is also a legislatively authorized and matching appropriation equal to at least 50 percent of the overall cost of the project.

Historically, Article XI-G bonds for higher education were used to finance instructional and public service facilities of the OUS and community colleges. General Fund appropriations are made annually to pay debt service on these bonds. Despite the change in university governance structure established by SB 270, the State anticipates it will continue to issue XI-G bonds for legislatively authorized projects at the seven independent universities and at the Oregon Health and Sciences University (OHSU).

ORS 341.009 directs that the state should maintain a policy of substantial state participation in community college building costs. In the 1960s and 1970s, State GO bonds were issued to help support the costs of the expanding network of Oregon community colleges. The demand for a highly skilled workforce in Oregon has continued to grow, as has the need to support the retraining of existing workers for today's increasingly technical job market. Since 2007, the Legislature has included authorization of XI-G bonding in varying amounts for select community college instructional facilities.

Pollution Control Bonds – Article XI-H. Funds of up to one percent of the State's true cash value may be borrowed for purposes of financing pollution abatement and control facilities, as well as pollution control and disposal activities of State and local government agencies. This authorization, granted under Article XI-H, requires that most facilities funded by the program, with the exception of pollution control and disposal activities and hazardous substance facilities, must "conservatively appear" to be at least seventy percent self-supporting and self-liquidating from revenues, gifts, federal grants, user charges, assessments and other fees.[9] Property taxing authority is provided as an additional source of revenue to support these bonds, but this authority has never been used. Historically, the portion of the debt service of these bonds associated with orphan hazardous disposal site clean-up has been repaid by General Fund appropriation, with the balance of debt service repaid by DEQ fees and repayment on loans (Please see the "General Fund-Supported Debt" chapter of this report for more information on General Fund versus Other Fund split). The amount of General Fund support may vary over time.

Water Resources Bonds – Article XI-I (1). Up to one-half of one percent of the true cash value of property within the State may be borrowed to provide funds for loans to construct water development projects. Project purposes include irrigation and drainage, community water supply, fish protection and watershed restoration. Authorized by Article XI-I (1), at least fifty percent of these funds are reserved for irrigation and drainage projects. The program is intended to be self-supporting from revenues received pursuant to financing agreements with project borrowers.

Elderly and Disabled Housing Bonds – Article XI-I (2). Funds may be borrowed to finance multifamily housing for elderly and disabled persons under Article XI-I (2). This program, under which one-half of one percent of state property true cash value may be borrowed, is fully self-supporting from project mortgage loan revenues.

Alternate Energy Bonds – Article XI-J. The Department of Energy is authorized by Article XI-J to incur debt up to one-half of one percent of the true cash value of all taxable property of the state to finance development of small-scale local energy projects (SELP). Projects are funded only if they can demonstrate there will be sufficient revenues to repay the loan. Although the program has the State's GO backing, it was designed and has historically been fully self-supporting from loan repayment revenues. Over the past several years, the Department wrote-off several large loans to private parties that were deemed non-collectible, which greatly depleted SELP's loan reserves. The State has made cash infusions of $2.5 million in FY 2022 and $1 million in FY 2023, totaling $3.5 million versus the Department's original request for $5 million.

Approximately $70 million in Article XI-J bonds has been issued for energy upgrades and efficiency projects throughout the OUS system; a significant amount of which will be repaid through General Fund annual appropriations. Overall, the General Fund is now paying 40% of the overall debt service for the SELP program.

Oregon School Bond Guaranty Program – Article XI-K. Article XI-K of Oregon's constitution authorizes the State Treasurer to pledge the full faith and credit of the State to guaranty the GO bonds of Oregon common or union high school districts, education service districts or community college districts. The State Treasurer may also issue State GO bonds to meet the State's obligations under the Oregon School Bond Guaranty Program. The amount of State GO bonds that can be issued to back the guaranties is limited to one half of one percent of TCV of all taxable property in the state. As of the date of this report, the State had not issued any debt permitted under the provisions of Article XI-K.

Oregon Opportunity Bonds – Article XI-L. Authorizes bonds to finance capital costs of the Oregon Health and Sciences University (OHSU) in an aggregate principal amount that produces net proceeds for the University in an amount that does not exceed $200 million. Section 1 of the

Article authorizes debt not to exceed one-half of one percent of the real market value of all property in the State. However, the State is not permitted to levy ad valorem (property) taxes to pay the bonds. The legislation authorizing the program contemplates that the bonds may be paid from tobacco settlement revenues, but those revenues are not directly pledged to pay the bonds.

Seismic Rehabilitation of Public Education Buildings – Article XI-M. Authorizes bonds to be issued to provide funds for the planning and implementation of seismic rehabilitation of public education buildings. Outstanding authorized debt may not exceed one-fifth of one percent real market value of all property in the State. Ad valorem property taxes may not be pledged to repay these bonds.

Seismic Rehabilitation of Emergency Services Buildings – Article XI-N. Authorizes bonds to be issued to provide funds for the planning and implementation of seismic rehabilitation of emergency services buildings. Outstanding authorized debt may not exceed one-fifth of one percent real market value of all property in the State. Ad valorem property taxes may not be pledged to repay these bonds.

Pension Obligation Bonds – Article XI-O. Pension Obligation Bonds (POBs) were issued under the authority of Article XI-O of the Oregon Constitution and House Bill 3659 in October 2003 in the principal amount of $2,083,960,000. These bonds are general obligations of the State to which the full faith and credit and taxing power of the State (other than the State's power to levy ad valorem property taxes) are pledged. Proceeds of the POBs were used to pay a substantial portion of the State's unfunded actuarial liability (UAL) of PERS. The UAL is the State's portion of the difference between PERS' actuarial liability and fair market value of assets in the Public Employees Retirement Fund (PERF) available to pay such liability on November 1, 2003.

The amount of outstanding indebtedness authorized by Article XI-O is limited to one percent of the real market value of all property in the state. Debt service on the bonds is allocated among both General Fund and non-General Fund State agencies based on the payroll of such agencies. The State expects that the allocated costs to each agency will be less than if the State did not issue the bonds. Approximately 60 percent of the bond debt service is paid by non-General Fund resources leaving 40 percent of the debt service to be paid with General Fund resources. The final payment on these bonds will occur in FY 2027.

School Construction Bonds – Article XI-P. In May 2010, the Oregon electorate adopted a constitutional amendment allowing for the issuance of State GO bonds as a match to local public school district funds for school capital projects (Article XI-P bonds). This constitutional amendment authorizes the State to incur indebtedness in an amount not to exceed one-half of one percent of the real market value of the real property in the state, but does not authorize a levy on property taxes to pay for these bonds

The 2015 Legislature authorized the bond program's initial sale of bonds for this program, as well as adopting SB 447, which authorized the establishment of the Office of School Facilities within the Oregon Department of Education. The Office of School Facilities was created to administer the new bond program and the Oregon State Capital Improvement Program (OSCIM Program) with the goal of increasing local school district investment in their capital construction and school facilities. The OSCIM Program provides "matching" grants intended to incentivize local voters to vote for school construction general obligation bonds by matching state dollars with local funds.

The OSCIM Program awards funds through two means, a priority list and first in time list. The priority list ranks all districts based on a formula using their assessed value and poverty rate. Districts with lower assessed values and higher poverty rates are higher on the priority list and receive commitments first. The first in time list wards districts commitments based on the time they turn in their applications. All districts that submit during a specified time period are considered to have turned in their applications at the same time and a lottery is used to award funds until XI-P bond funds are depleted. The size of the award is based on a formula with most districts in the state receiving a maximum award of $4 million although larger districts can receive a maximum of up to $8 million

State General Purpose Bonds – **Article XI-Q.** Authorizes the State to incur indebtedness in an amount not to exceed one percent of the real market value of the real property in the state to provide funds to acquire, construct, remodel, repair, equip or furnish real or personal property that is or will be owned and/or operated by the State of Oregon. Passed by the voters in November 2010 and enacted into statute in the following year by the 2011 Legislative Assembly, the Article XI-Q bonding program replaced the Certificate of Participation bonding program as a means of financing most state-owned property due to its superior credit ratings and lower cost of funds.

DIRECT REVENUE BONDS

Single-Family and Multifamily Revenue Bonds – ORS 456.645. Oregon Revised Statute 456.645 to 456.725 authorizes the Housing and Community Services Department to issue revenue bonds for the purpose of financing single-family mortgage loans and multifamily housing projects. The statute limits outstanding debt to $2.50 billion. These bonds are fully self-supported with payment for the bonds coming from project rental revenues, as well as mortgage payments and fees.

State Highway User Tax Bonds – ORS 367.605. The Oregon Constitution Article IX, Section 3a and Oregon Revised Statutes 367.605 to 367.665 authorize the Department of Transportation to issue highway user tax revenue bonds to provide proceeds for building and maintaining permanent public roads. Highway user tax bonds differ from other State revenue bond programs in that they are secured by constitutionally dedicated tax proceeds from fuel sales and other taxes or fees charged for vehicle use and licensing. However, they are typical of revenue bond programs in that they are not secured by the State's GO pledge.

The 1999 Legislative Assembly under ORS 367.620 authorized the issuance of debt up to $138.4 million in highway user tax bonds. Under this authorization, the Department issued bonds in the amount of $58,355,000 in August 2000. The remainder of this authorization was repealed in 2001 Oregon Laws Chapter 669.

The 2001 Legislative Assembly revised ORS 367.620(2) to approve issuance of $400 million of new highway user tax bonds. House Bill 4010, passed during the First Special Session of the 2002 Legislature, again revised ORS 367.620 increasing the issuance of new highway user tax revenue bonds sufficient to produce net proceeds of not more than $500 million. The authority granted was further restricted to an aggregate principal amount that the department reasonably believes can be paid with $71.2 million in biennial debt service.[10] As of December 31, 2008 the department had issued all $500 million in net proceeds under this authorization; there is no remaining bonding authority under these provisions.

The 2003 Legislative Assembly approved HB 2041 amending ORS 367.620(3) to provide additional authority for $1.9 billion net proceeds in highway user tax revenue bonds for bridges and highway modernization purposes. It was envisioned at that time that bonds supporting this program authorization would be issued over a number of years; in 2010, the final series of highway user tax revenue bonds for this program was issued.

In 2009, the Legislative Assembly enacted the Jobs and Transportation Act (JTA) which authorized the Department to issue up to $840 million in net proceeds through the issuance of additional highway user tax revenue bonds for specific congestion management projects. The final series of revenue bonds associated with this authorization was sold in FY 2017.

Oregon Transportation Infrastructure Fund Bonds – ORS 367.015. ORS 367.015 to 367.030 authorizes the Department of Transportation to issue revenue bonds for the Oregon Transportation Infrastructure Fund. The fund is to provide infrastructure loans and assistance for transportation projects. The total principal amount of revenue bonds that may be issued and outstanding at any one time under this authorization cannot exceed $200 million. Currently, no Transportation Infrastructure Fund bonds authorized by these provisions have been issued or are outstanding.

City and County Roads and Recreation Facilities Bonds – ORS 367.700. ORS 367.700 to 367.750 authorizes State Department of Transportation bonded indebtedness in the aggregate principal amount of $50 million. This provision was enacted into law in 1975 for the purpose of providing funds to cities and counties to defray the costs of city and county street construction and the acquisition, development, maintenance and care of public park and recreation facilities. No State bonds have ever been issued under the provisions of this legislation.

Oregon Bond Bank Revenue Bonds – ORS Chapter 285B.467. The Oregon Economic and Community Development Department (OECDD) have been granted statutory authority to issue bonds under two revenue bond programs. Pursuant to ORS 285B.410 through 285B.479, bonds may be issued to fund the Special Public Works Fund (SPWF) to assist municipalities in financing the infrastructure necessary for economic development. In addition, the Department, pursuant to ORS 285B.572 through 285B.587, may issue bonds to finance loans to municipalities for safe drinking water projects and wastewater system improvement projects. Bond proceeds under this program are used to fund the Water/Wastewater Financing Program to deliver funds to eligible municipalities. The bonds are payable from loan repayments made by municipalities. Under each of these programs, the Department is authorized to request the State to withhold any amounts otherwise due to the municipality from the State to pay such amounts that may be owed.

In 1997, the Oregon State Legislature enacted ORS 285B.482 to authorize the consolidation of proceeds of revenue bonds issued for the SPWF Program and the Water/Wastewater Program. Future bonds for these programs are issued under the consolidated Oregon Infrastructure Authority Bond Bank Revenue Program. Additionally, all prior bonds issued under these programs are considered parity bonds. Future bonds supporting the SPWF and the Water/Wastewater programs will be issued as single series under the Oregon Infrastructure Authority Bond Bank Revenue Bond program.

Lottery Revenue Bond Program(s) – ORS 286A.560 to 286A.585. The Oregon State Lottery was created by an amendment to the Oregon Constitution in 1984. That amendment revised Article

XV, Section 4 of the Oregon Constitution to require the establishment and operation of the Oregon State Lottery. Article XV, Section 4 requires that all proceeds from the Lottery, including interest earnings but excluding expenses and payment of prizes, be used for creating jobs, furthering economic development, financing public education in Oregon or restoring and protecting Oregon's parks, beaches, watersheds and critical fish and wildlife habitats. The Article also requires the Legislative Assembly to appropriate Lottery net proceeds in amounts sufficient to pay lottery bonds before appropriating the Lottery's net proceeds for any other purpose.

The first statutory authority, ORS 391.140, permitted the issuance of up to $115 million in bonds for financing the costs of development, acquisition and construction of the Westside corridor light-rail project. Subsequently, the Legislative Assembly has authorized additional Lottery-backed bond programs at each of its regular sessions. In 1999, the Legislature passed Senate Bill 200 to combine previously enacted legislation authorizing lottery bonds into a single Act. The Act, incorporated as ORS 286A.560 to 286A.585, creates a single consistent legislative authorization and uniform administrative procedures for all lottery bonds issued by the State of Oregon.

Forest Development Revenue Bonds – ORS 530.140. The State Forestry Department is authorized by the provisions of ORS 530.140 to 530.147 to sell revenue bonds of the State of Oregon, to be known as Oregon Forest Development Revenue Bonds. No bonds have been issued or are outstanding under this authorization.

Oregon Student Assistance Revenue Bonds – ORS 348.655. Bond authorization and eligibility requirements are defined by ORS 348.655 to 348.695. It authorizes the issuance of up to $30 million annually in revenue bonds to fund loans to support the "alternative student loan" program. Eligible student, as defined by ORS 348.618, means a student enrolled in an eligible post-secondary educational institution located in Oregon or a student who is an Oregon resident and who is enrolled in an eligible post-secondary educational institution located outside of Oregon. To date, no debt has been authorized or issued under this authorization.

Oregon Innovation Revenue Bonds – ORS 284.746. Bond authorization and project eligibility requirements are defined by ORS 284.740 to 284.749. These bonds are intended to fund loans and grants related to innovation-based economic development projects, as determined by the Oregon Innovation Council. To date, no debt has been authorized or issued under this authorization.

CONDUIT REVENUE BONDS

The State has authorized four conduit or "pass-through" revenue bond programs. Under these programs, the State is considered the issuer but has no obligation to fund debt service payments other than out of payments from the entities on whose behalf the bonds are issued.

Oregon Facilities Authority (OFA) – ORS Chapter 289. The Oregon Facilities Authority, formerly named the Health, Housing, Educational, and Cultural Facilities Authority, was created in 1989 and operates pursuant to Oregon Revised Statues Chapter 289. OFA is a public corporation empowered to issue conduit revenue bonds and assist with the assembling and financing of lands for health care, housing, educational and cultural uses and for the construction and financing of facilities for such uses. Effective January 1, 2007, OFA's mandate was expanded to include the financing for all non-profit institutions, organizations or entities within the State that are exempt from taxation under section 501(c)(3) of the Internal Revenue Code, as defined in ORS 314.011. The Authority reviews proposed projects and makes recommendations to the State Treasurer about whether to finance the project through the issuance of limited obligation bonds.

Although the State Treasurer issues OFA bonds, they are repaid solely from revenues generated by the projects being financed or from other sources available to the borrower. The State has no financial obligation for these bonds and bondholders have no recourse against the properties, funds or assets of the Issuer, the State or the Authority for payment of bond debt service. Bondholder's only recourse for payment of the bonds is against the actual borrower.

In 2007, OFA initiated the Small Nonprofit Accelerated Program (SNAP Bond Program), which is a streamlined low-cost private placement program for smaller non-profits that is simple to use and generally has smaller transaction costs.

Industrial Development Revenue Bonds – ORS Chapter 285B. The Oregon Business Development Commission is empowered, pursuant to ORS 285B.320 to 285B.371, to issue Industrial Development Revenue Bonds through the Oregon Business Development Department, with the approval of the State Treasurer. They are issued as limited obligation bonds payable only from project revenues or other sources available to the borrower. Industrial or economic development revenue bonds do not constitute an indebtedness of the Issuer, the Commission or the State. Proceeds of these bonds are loaned to private businesses to finance various expansions, relocations, retentions, and other projects that will stimulate economic development and provide jobs in the State. Prior to approval of issuance, the State subjects individual projects to a cost effectiveness test to ensure that the public benefits of a project outweigh the related public costs.

Housing Development Revenue Bonds – ORS 456.692. The Oregon Housing and Community Services Department is authorized pursuant to ORS 456.692 to issue conduit revenue bonds through the State Treasurer for Housing Development. The multifamily housing program provides financing for developments in which a certain number of the housing units are for persons and families of lower income. Each bond issue finances multi-family housing projects that are separately secured by revenues and assets specifically pledged by the borrower. Similar to the other State conduit revenue bond programs, as noted above, there is no bondholder recourse to the State for payment should the project not be able to meet its debt service requirements.

Beginning and Expanding Farmer Revenue Bonds – ORS 285.430. The Oregon Business Development Department is authorized pursuant to ORS 285.430 to issue conduit revenue bonds to fund Beginning and Expanding Farmer loans for approved agricultural projects. Bond issues finance loans that are secured by revenues and assets specifically pledged by the borrower. Similar to the other State conduit revenue bond programs, as noted above, there is no bondholder recourse to the State for payment should the borrower not be able to meet its debt service obligations

APPROPRIATION CREDITS

Appropriation Bonds – SB 856 – 2003 Legislature. Senate Bill 856, the Appropriation Bond Act, was passed by the 2003 Legislative Assembly. The Act authorized the issuance of bonds to assist the State of Oregon in balancing its budget for the 2001-2003 Biennium. Appropriation bonds in the par amount of $431,560,000 were issued in April 2003. These bonds are special obligations of the State payable solely from appropriated moneys and do not represent a general, unlimited-tax obligation of the State. In the Appropriation Bond Act, the Legislative Assembly acknowledged its current intention to apply the moneys available to the State from tobacco settlement revenues to pay the debt service for the appropriation bonds.

Certificates of Participation – ORS Chapter 283.085. Oregon Revised Statutes 283.085 to 283.092 permit the State to enter into financing agreements, including lease purchase agreements, installment sale agreements and loan agreements to finance essential real or personal property and issue certificates of participation evidencing these financing agreements.

Certificates of Participation (COPs) are considered tax-exempt government securities and special obligations of the State payable solely from available funds. They are not general obligations secured by the full faith and credit of the State. Rather, the Oregon Legislature must appropriate COP repayment amounts each biennium for which repayments are scheduled. If the Legislature were to deny a budget request to make the COP payments for a future biennium, the COP Trustee would exercise available legal remedies against the State. These remedies could include the denial of the use of the building(s) or the equipment financed by the COPs for which payment had been denied. While the state's General Fund has been traditionally viewed as the source of repayment for all COP debt, a recent review indicates that a portion of this debt service payment is actually paid by other revenues (Please see "General Fund-Supported Debt Capacity" chapter of this report for additional information).

Passage of Ballot Measure 11 by Oregon voters in 1994 is directly related to the significant increase in COP debt from about $191 million in FY 1995 to about $1.1 billion in FY 2008. Measure 11 created mandatory minimum penalties for specified crimes and required that juveniles charged with certain violent crimes be tried and sentenced as adults. The practical effect of Measure 11 is the considerable requirement for increased construction of adult and juvenile prisons and correctional facilities.

Beginning with the construction of the Snake River Correction Facility in Ontario in the early 1990s, the Oregon Department of Corrections has used COPs to finance the major expansion of the prison system. The proceeds from COPs are also used for the construction of local jail capacity related to the SB 1145[11] population, purchase of property, design costs, site costs, major improvements or upgrades of existing facilities, and the staff costs associated with the construction and improvement of facilities.

Since the passage of Article XI-Q GO bonds for state owned and/or operated facilities by voters in 2011, the State has dramatically reduced the use of this financing mechanism, as GO bonds provide a higher rating and lower cost of funds compared to COPs. In addition, the State has refinanced a significant portion of existing COP debt with Article XI-Q bonds. In March 2019, the State issued $100 million in COPs to fund the partial decoupling of the Elliott State Forest from the Common School Fund – given the unusual nature of this financing, COPs rather than XI-Q GO bonds were used to provide funds to offset the financial impacts that environmental restrictions that have imposed on the revenue-generating ability of this forest.