

â€“Rainy day fundâ€™ improves Oregonâ€™s S&P bond rating

by Bend_Weekly_News_Sources

Governor says new rating can result in millions of dollars in savings for Oregon taxpayers

Standard and Poor's revised Oregon's General Obligation bond rating outlook this week from "stable" to "positive." The credit rating agency cited the state legislature's approval of a new rainy day fund using proceeds from the corporate kicker as a reason for the change. "The positive change is great news for Oregon. We're one step away from getting an increase in our bond rating," said State Treasurer Randall Edwards. "This would not have been possible without the great work by the legislature to create the rainy day fund with corporate kicker money. Wall Street clearly approves of what we have done to shore up our finances," he added. An improved credit rating would save the State millions of dollars each year in interest and the benefits would also flow to local governments and consumers. For instance, veterans' home loans would be less expensive, and public schools would enjoy lower interest rates on their bond issues through the Oregon School Bond Guaranty Program. "This is another reason why creating a rainy day fund was so important to Oregon," Governor Ted Kulongoski said. "By diverting the corporate kicker to a general purpose rainy day fund, I'm optimistic Oregon's interest rates will be lowered on our bonds, resulting in millions of dollars in savings for Oregon taxpayers." Standard and Poor's has long cited Oregon's income tax kicker as a detriment to Oregon's financial stability. Other positive issues mentioned in the S&P analysis include a more diversified state economy and a manageable debt burden. According to the report, the State's management practices are "strong, well embedded and likely sustainable." The credit rating agency says PERS reform combined with solid pension fund returns were positive steps in getting Oregon's financial house in order. The Oregon Public Employees Retirement System is now fully funded. Treasurer Edwards is going to New York in July to request an upgrade of the State's general obligation bond rating, which is currently AA-. The change would bring the State up to an AA rating.

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