

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do pass the A-engrossed bill
Vote:	4-0-1
Yeas:	G. George, Monroe, Starr, Deckert
Nays:	
Exc.:	Burdick
Prepared By:	Mary Ayala, Economist
Meeting Dates:	6/11

WHAT THE BILL DOES: Revises the definition of an urban renewal plan's consolidated billing rate to include urban renewal plans that have been substantially amended. Specifically, if the urban renewal plan is a 'reduced rate' plan before it is substantially amended, it remains a 'reduced rate' plan after it has been substantially amended. Ensures that local option taxes adopted for a specific purpose will not be diverted to funding urban renewal if the urban renewal plan was other than an option 3 plan prior to October 1, 2001 and if this plan was substantially amended either by adding land to the urban renewal area or by increasing the amount of indebtedness that could be issued or incurred under the plan. Applies to tax years beginning on or after July 1, 2007 adopted.

ISSUES DISCUSSED:

- That the city of Keizer substantially amended its urban renewal plan which resulted in an unintended change in its urban renewal plan designation, changing it from a reduced rate plan to a standard rate plan. As a consequence of this change, a local option tax intended for the Keizer Fire District was subjected to 'division of tax'. (i.e. a portion of the local option tax revenue was diverted from use by the local fire district to use by the local urban renewal planning agency).
- Multnomah County also has \$3.6 million in adopted local option taxes that will have unintended consequences (i.e., the monies will be subject to division of tax for urban renewal) if the law is not clarified.
- That the League of Oregon Cities supports this bill.

EFFECT OF COMMITTEE AMENDMENTS: None

BACKGROUND: During the 2001 legislative session, legislation was enacted providing that some urban renewal plans adopted after October 6, 2001 would no longer divide new local option taxes. These urban renewal plans are referred to as 'reduced rate' plans; and the other plans that continue to apply 'division of tax to their local option taxes are referred to as 'standard rate' plans. When this legislation was enacted, possible changes to ORS 457.010 were not considered. As a consequence, legislative intent is unclear; and after an urban renewal 'reduced rate' plan is 'substantially amended', it reverts to being a 'standard rate' plan.

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This summary has not been adopted or officially endorsed by action of the committee.