

# House Bill 3051

Sponsored by COMMITTEE ON REVENUE

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Establishes procedures by which school district may obtain voter approval to enact local option income, sales and other taxes. Provides that procedures do not apply to local option property taxes. Excepts local option tax revenues from offset against State School Fund grants.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to taxation; creating new provisions; amending ORS 250.038, 280.040, 280.057, 280.060,  
3 280.064, 280.070, 280.075, 280.090, 294.381, 294.418, 294.435, 294.437, 294.480, 310.055, 310.060,  
4 310.150, 327.013, 327.333, 327.336, 358.820, 368.705, 368.707, 451.490 and 457.010; and prescribing  
5 an effective date.

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

7 **SECTION 1. Sections 2 and 3 of this 2007 Act are added to and made a part of ORS**  
8 **chapter 328.**

9 **SECTION 2. (1) Upon compliance with this section and section 3 of this 2007 Act, a school**  
10 **district may enact a local option tax on behalf of the district. The local option tax may con-**  
11 **sist of one or any combination of the following:**

12 (a) **A local option income tax imposed upon the entire taxable income of every resident**  
13 **of the district subject to tax under ORS chapter 316 and upon the taxable income of every**  
14 **nonresident that is derived from sources within the district in which income is subject to tax**  
15 **under ORS chapter 316.**

16 (b) **A local option tax imposed upon or measured by the taxable income of a mercantile,**  
17 **manufacturing, business, financial, centrally assessed, investment, insurance or other cor-**  
18 **poration or entity taxable as a corporation doing business in, or having a place of business**  
19 **or office within or having income derived from sources within, the district, if the income is**  
20 **subject to tax under ORS chapter 317 or 318.**

21 (c) **A local option sales tax imposed upon the purchase of tangible personal property**  
22 **within the district and collected by retailers upon the sale of the property.**

23 (d) **A local option excise tax imposed for the privilege of engaging in a particular type of**  
24 **transaction or activity.**

25 (e) **A local option gross receipts tax imposed upon the gross receipts of businesses lo-**  
26 **cated within the district.**

27 (f) **Any other tax that the district school board designates as a local option tax.**

28 (2) **This section and section 3 of this 2007 Act do not apply to a local option property tax**  
29 **imposed by a school district pursuant to ORS 280.040 to 280.145 and the other property tax**  
30 **laws of this state.**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (3) Pursuant to ORS 305.620, the Department of Revenue shall assist in the collection of  
 2 any local option tax in effect in a school district, if so requested by the district school board.

3 (4) ORS 306.815 does not apply to a real estate transfer tax enacted as a local option tax  
 4 pursuant to this section and section 3 of this 2007 Act.

5 **SECTION 3.** (1) In order to enact a local option tax under this section and section 2 of  
 6 this 2007 Act, a school district must comply with the requirements of this section.

7 (2) The district school board shall cause to be prepared a proposed measure, in the form  
 8 of a resolution, to refer the local option tax to electors in the school district. The measure  
 9 shall state:

10 (a) The rate or amount of tax to be levied and the activities or items that are to be  
 11 subject to tax;

12 (b) The duration of the tax, if the tax is temporary; and

13 (c) How the proceeds are to be used.

14 (3) The measure may contain any other provisions the district school board determines  
 15 to be necessary.

16 (4) Notice that the district school board will hold a public hearing for consideration of the  
 17 proposed measure shall be given in the manner required under ORS 192.640.

18 (5) At the public hearing at which the measure is to be considered, any person may ap-  
 19 pear and testify for or against the measure.

20 (6) At the public hearing at which the measure is to be considered, the district school  
 21 board may determine to withdraw the measure for further revision. The notice and hearing  
 22 requirements necessary to refer a measure to electors of a school district shall also be nec-  
 23 essary to refer a revised measure to electors.

24 (7) A majority vote of all of the district school board members shall be necessary to refer  
 25 a measure to electors of a school district.

26 **SECTION 4.** ORS 327.013, as amended by section 2, chapter 4, Oregon Laws 2006, is amended  
 27 to read:

28 327.013. The State School Fund distributions for school districts shall be computed as follows:

29 (1) General Purpose Grant = Funding Percentage × Target Grant × District extended ADMw.

30 (2) The funding percentage shall be calculated by the Superintendent of Public Instruction to  
 31 distribute as nearly as practicable the total sum available for distribution of money.

32 (3) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor.

33 (4) Statewide Target per ADMw Grant = \$4,500.

34 (5) Teacher Experience Factor = \$25 × {District average teacher experience – statewide av-  
 35 erage teacher experience}. “Average teacher experience” means the average, in years, of teaching  
 36 experience of certified teachers as reported to the Department of Education.

37 (6) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater.

38 (7)(a) Weighted average daily membership or ADMw = average daily membership + an addi-  
 39 tional amount computed as follows:

40 (A) 1.0 for each student in average daily membership eligible for special education as a child  
 41 with disabilities under ORS 343.035, applicable to not to exceed 11 percent of the district’s ADM  
 42 without review and approval of the Department of Education. Children with disabilities eligible for  
 43 special education in adult local correctional facilities as defined in ORS 169.005 or adult regional  
 44 correctional facilities as defined in ORS 169.620 may not be included in the calculation of the 11  
 45 percent.

1 (B) 0.5 for each student in average daily membership eligible for and enrolled in an English as  
 2 a second language program under ORS 336.079.

3 (C) 0.2 for each student in average daily membership enrolled in a union high school district or  
 4 in an area of a unified school district where the district is only responsible for educating students  
 5 in grades 9 through 12 in that area.

6 (D) -0.1 for each student in average daily membership enrolled in an elementary district oper-  
 7 ating kindergarten through grade 6 or kindergarten through grade 8 or in an area of a unified  
 8 school district where the district is only responsible for educating students in kindergarten through  
 9 grade 8.

10 (E) 0.25 times the sum of the following:

11 (i) The number of children 5 to 17 years of age in poverty families in the district, as determined  
 12 by the Department of Education from a report of the federal Department of Education based on the  
 13 most recent federal decennial census, as adjusted by the school district's proportion of students in  
 14 the county receiving free or reduced price lunches under the United States Department of Agricul-  
 15 ture's current Income Eligibility Guidelines if the number is higher than the number determined  
 16 from census data and only if the school district had an average daily membership of 2,500 or less  
 17 for the 1995-1996 school year, and as further adjusted by the number of students in average daily  
 18 membership in June of the year of distribution divided by number of students in average daily  
 19 membership in the district, or its predecessors, in June of the year of the most recent federal  
 20 decennial census;

21 (ii) The number of children in foster homes in the district as determined by the report of the  
 22 Department of Human Services to the federal Department of Education, "Annual Statistical Report  
 23 on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess of the  
 24 Poverty Income Level," or its successor, for October 31 of the year prior to the year of distribution;  
 25 and

26 (iii) The number of children in the district in state-recognized facilities for neglected and delin-  
 27 quent children, based on information from the Department of Human Services for October 31 of the  
 28 year prior to the year of distribution.

29 (F) An additional amount as determined by ORS 327.077 shall be added to the ADMw for each  
 30 remote small elementary school and for each small high school in the district.

31 (G) All numbers of children used for the computation in this section must reflect any district  
 32 consolidations that have occurred since the numbers were compiled.

33 (b) The total additional weight that shall be assigned to any student in average daily member-  
 34 ship in a district, exclusive of students described in paragraph (a)(E) and (F) of this subsection shall  
 35 not exceed 2.0.

36 (8) High cost disabilities grant = the total amount received by a school district under ORS  
 37 327.348, for providing special education and related services to resident pupils with disabilities.

38 (9)(a) Transportation grant equals:

39 (A) 70 percent of approved transportation costs for those school districts ranked below the 80th  
 40 percentile under paragraph (b) of this subsection.

41 (B) 80 percent of approved transportation costs for those school districts ranked in or above the  
 42 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

43 (C) 90 percent of approved transportation costs for those school districts ranked in or above the  
 44 90th percentile under paragraph (b) of this subsection.

45 (b) Each fiscal year, the Department of Education shall rank school districts based on the ap-

1 proved transportation costs per ADM of each school district, ranking the school district with the  
 2 highest approved transportation costs per ADM at the top of the order.

3 (10) Local Revenues are the total of the following:

4 (a) The amount of revenue offset against local property taxes as determined by the Department  
 5 of Revenue under ORS 311.175 (3)(a)(A);

6 (b) The amount of property taxes actually received by the district including penalties and in-  
 7 terest on taxes;

8 (c) The amount of revenue received by the district from the Common School Fund under ORS  
 9 327.403 to 327.410;

10 (d) The amount of revenue received by the district from the county school fund;

11 (e) The amount of revenue received by the district from the 25 percent of federal forest reserve  
 12 revenues required to be distributed to schools by ORS 294.060 (1);

13 (f) The amount of revenue received by the district from state managed forestlands under ORS  
 14 530.115 (1)(b) and (c);

15 (g) Moneys received in lieu of property taxes;

16 (h) Federal funds received without specific application by the school district and which are not  
 17 deemed under federal law to be nonsupplantable;

18 (i) Any positive amount obtained by subtracting the operating property taxes actually imposed  
 19 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would  
 20 have been imposed by the district if the district had certified the maximum rate of operating prop-  
 21 erty taxes allowed by law; and

22 (j) Any amount distributed to the district in the prior fiscal year under section 4 (3), chapter  
 23 695, Oregon Laws 2001, or ORS 327.019 (8).

24 (11) Notwithstanding subsection (10) of this section, Local Revenues do not include:

25 **(a) The amount of revenue actually received by the district from a local option tax im-**  
 26 **posed pursuant to sections 2 and 3 of this 2007 Act;**

27 [(a)] **(b)** If a school district imposes local option **property** taxes pursuant to ORS 280.040 to  
 28 280.145, an amount equal to the lesser of:

29 (A) The amount of revenue actually received by the district from local option **property** taxes  
 30 imposed pursuant to ORS 280.040 to 280.145;

31 (B) Fifteen percent of the combined total for the school district of the general purpose grant,  
 32 the transportation grant, the facility grant and the high cost disabilities grant of the district; or

33 (C) \$750 per district extended ADMw; and

34 [(b)] **(c)** For a school district with a statutory rate limit on July 1, 2003, that is greater than  
 35 \$4.50 per \$1,000 of assessed value, the amount of property taxes actually received by the district,  
 36 including penalties and interest on taxes, that results from an increase in the rate of ad valorem  
 37 property tax of the district allowed under section 11 (5)(d), Article XI of the Oregon Constitution.

38 (12)(a) Facility Grant = 8 percent of total construction costs of new school buildings.

39 (b) A school district shall receive a Facility Grant in the distribution year that a new school  
 40 building is first used.

41 (c) As used in this subsection:

42 (A) "New school building" includes new school buildings, adding structures onto existing school  
 43 buildings and adding premanufactured structures to a school district if those buildings or structures  
 44 are to be used for instructing students.

45 (B) "Construction costs" does not include costs for land acquisition.

1 (13) Notwithstanding subsection (10)(i) of this section, Local Revenues do not include any  
 2 amount of operating property tax authority of the district that is:

3 (a) Attributable to the suspension of ORS 310.239 by section 1, chapter 4, Oregon Laws 2006;  
 4 and

5 (b) Not actually imposed by the district.

6 **SECTION 5.** ORS 327.013, as amended by sections 2 and 4, chapter 4, Oregon Laws 2006, is  
 7 amended to read:

8 327.013. The State School Fund distributions for school districts shall be computed as follows:

9 (1) General Purpose Grant = Funding Percentage × Target Grant × District extended ADMw.

10 (2) The funding percentage shall be calculated by the Superintendent of Public Instruction to  
 11 distribute as nearly as practicable the total sum available for distribution of money.

12 (3) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor.

13 (4) Statewide Target per ADMw Grant = \$4,500.

14 (5) Teacher Experience Factor = \$25 × {District average teacher experience – statewide av-  
 15 erage teacher experience}. “Average teacher experience” means the average, in years, of teaching  
 16 experience of certified teachers as reported to the Department of Education.

17 (6) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater.

18 (7)(a) Weighted average daily membership or ADMw = average daily membership + an addi-  
 19 tional amount computed as follows:

20 (A) 1.0 for each student in average daily membership eligible for special education as a child  
 21 with disabilities under ORS 343.035, applicable to not to exceed 11 percent of the district’s ADM  
 22 without review and approval of the Department of Education. Children with disabilities eligible for  
 23 special education in adult local correctional facilities as defined in ORS 169.005 or adult regional  
 24 correctional facilities as defined in ORS 169.620 may not be included in the calculation of the 11  
 25 percent.

26 (B) 0.5 for each student in average daily membership eligible for and enrolled in an English as  
 27 a second language program under ORS 336.079.

28 (C) 0.2 for each student in average daily membership enrolled in a union high school district or  
 29 in an area of a unified school district where the district is only responsible for educating students  
 30 in grades 9 through 12 in that area.

31 (D) –0.1 for each student in average daily membership enrolled in an elementary district oper-  
 32 ating kindergarten through grade 6 or kindergarten through grade 8 or in an area of a unified  
 33 school district where the district is only responsible for educating students in kindergarten through  
 34 grade 8.

35 (E) 0.25 times the sum of the following:

36 (i) The number of children 5 to 17 years of age in poverty families in the district, as determined  
 37 by the Department of Education from a report of the federal Department of Education based on the  
 38 most recent federal decennial census, as adjusted by the school district’s proportion of students in  
 39 the county receiving free or reduced price lunches under the United States Department of Agricul-  
 40 ture’s current Income Eligibility Guidelines if the number is higher than the number determined  
 41 from census data and only if the school district had an average daily membership of 2,500 or less  
 42 for the 1995-1996 school year, and as further adjusted by the number of students in average daily  
 43 membership in June of the year of distribution divided by number of students in average daily  
 44 membership in the district, or its predecessors, in June of the year of the most recent federal  
 45 decennial census;

1 (ii) The number of children in foster homes in the district as determined by the report of the  
 2 Department of Human Services to the federal Department of Education, "Annual Statistical Report  
 3 on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess of the  
 4 Poverty Income Level," or its successor, for October 31 of the year prior to the year of distribution;  
 5 and

6 (iii) The number of children in the district in state-recognized facilities for neglected and delin-  
 7 quent children, based on information from the Department of Human Services for October 31 of the  
 8 year prior to the year of distribution.

9 (F) An additional amount as determined by ORS 327.077 shall be added to the ADMw for each  
 10 remote small elementary school and for each small high school in the district.

11 (G) All numbers of children used for the computation in this section must reflect any district  
 12 consolidations that have occurred since the numbers were compiled.

13 (b) The total additional weight that shall be assigned to any student in average daily member-  
 14 ship in a district, exclusive of students described in paragraph (a)(E) and (F) of this subsection shall  
 15 not exceed 2.0.

16 (8) High cost disabilities grant = the total amount received by a school district under ORS  
 17 327.348, for providing special education and related services to resident pupils with disabilities.

18 (9)(a) Transportation grant equals:

19 (A) 70 percent of approved transportation costs for those school districts ranked below the 80th  
 20 percentile under paragraph (b) of this subsection.

21 (B) 80 percent of approved transportation costs for those school districts ranked in or above the  
 22 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

23 (C) 90 percent of approved transportation costs for those school districts ranked in or above the  
 24 90th percentile under paragraph (b) of this subsection.

25 (b) Each fiscal year, the Department of Education shall rank school districts based on the ap-  
 26 proved transportation costs per ADM of each school district, ranking the school district with the  
 27 highest approved transportation costs per ADM at the top of the order.

28 (10) Local Revenues are the total of the following:

29 (a) The amount of revenue offset against local property taxes as determined by the Department  
 30 of Revenue under ORS 311.175 (3)(a)(A);

31 (b) The amount of property taxes actually received by the district including penalties and in-  
 32 terest on taxes;

33 (c) The amount of revenue received by the district from the Common School Fund under ORS  
 34 327.403 to 327.410;

35 (d) The amount of revenue received by the district from the county school fund;

36 (e) The amount of revenue received by the district from the 25 percent of federal forest reserve  
 37 revenues required to be distributed to schools by ORS 294.060 (1);

38 (f) The amount of revenue received by the district from state managed forestlands under ORS  
 39 530.115 (1)(b) and (c);

40 (g) Moneys received in lieu of property taxes;

41 (h) Federal funds received without specific application by the school district and which are not  
 42 deemed under federal law to be nonsupplantable;

43 (i) Any positive amount obtained by subtracting the operating property taxes actually imposed  
 44 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would  
 45 have been imposed by the district if the district had certified the maximum rate of operating prop-

erty taxes allowed by law; and

(j) Any amount distributed to the district in the prior fiscal year under section 4 (3), chapter 695, Oregon Laws 2001, or ORS 327.019 (8).

(11) Notwithstanding subsection (10) of this section, Local Revenues do not include[,]:

**(a) The amount of revenue actually received by the district from a local option tax imposed pursuant to sections 2 and 3 of this 2007 Act; and**

**(b)** If a school district imposes local option **property** taxes pursuant to ORS 280.040 to 280.145, an amount equal to the lesser of:

[(a)] **(A)** The amount of revenue actually received by the district from local option **property** taxes imposed pursuant to ORS 280.040 to 280.145;

[(b)] **(B)** Fifteen percent of the combined total for the school district of the general purpose grant, the transportation grant, the facility grant and the high cost disabilities grant of the district; or

[(c)] **(C)** \$750 per district extended ADMw.

(12)(a) Facility Grant = 8 percent of total construction costs of new school buildings.

(b) A school district shall receive a Facility Grant in the distribution year that a new school building is first used.

(c) As used in this subsection:

(A) "New school building" includes new school buildings, adding structures onto existing school buildings and adding premanufactured structures to a school district if those buildings or structures are to be used for instructing students.

(B) "Construction costs" does not include costs for land acquisition.

**SECTION 6. The amendments to ORS 327.013 by section 4 of this 2007 Act apply to State School Fund distributions commencing with the 2007-2008 distribution.**

**SECTION 7.** ORS 327.333 is amended to read:

327.333. The Legislative Assembly declares that it is the policy of this state to provide substantial equity in opportunity among school districts in which electors support local option **property** taxes for primary and secondary education. This policy will be accomplished by providing grant supplements to those districts that enact local option **property** taxes and that have lower property wealth per student.

**SECTION 8.** ORS 327.336 is amended to read:

327.336. (1) As used in this section:

(a) "Extended ADMw" means the district extended weighted average daily membership computed under ORS 327.013 (6).

(b) "Local option **property** tax rate" means the amount of local option **property** taxes imposed by the school district for the current fiscal year, after compression under ORS 310.150 and after subtraction of the amount of school district local option **property** taxes that are distributed to an urban renewal agency pursuant to ORS 457.440, divided by the assessed value of the school district.

(c) "School district" means a common or union high school district.

(d) "Target district" means the school district that, for the fiscal year prior to the year for which grants are being determined, had a total assessed value of taxable property per district extended ADMw that was greater than all but 25 percent of the school districts in this state for that prior fiscal year. The Department of Education shall determine which school district is the target district for a fiscal year, based on the total assessed values of school districts reported to the Department of Education by the Department of Revenue for the fiscal year prior to the year for which

1 grants are being determined under this section.

2 (2) A school district shall receive a local option equalization grant for a fiscal year:

3 (a) In which the school district imposes local option **property** taxes pursuant to ORS 280.040  
4 to 280.145; and

5 (b) For which the total assessed value of taxable property per extended ADMw of the school  
6 district for the prior fiscal year does not exceed the total assessed value of taxable property per  
7 extended ADMw of the target district for the prior fiscal year.

8 (3) The amount of the local option equalization grant shall equal the lesser of:

9 (a) The product of the local option **property** tax rate of the school district for the current fiscal  
10 year  $\times$  (total assessed value per extended ADMw of the target district for the prior fiscal year –  
11 total assessed value per extended ADMw of the school district for the prior fiscal year)  $\times$  the ex-  
12 tended ADMw of the school district for the prior fiscal year; or

13 (b) The amount obtained by subtracting the local option **property** tax imposed by the school  
14 district for the current fiscal year, after compression under ORS 310.150, from the lesser of:

15 (A) Fifteen percent of the combined total for the school district of the general purpose grant,  
16 the transportation grant, the facility grant and the high cost disabilities grant of the school district  
17 for the current fiscal year; or

18 (B) \$750 multiplied by the extended ADMw of the school district for the current fiscal year.

19 (4) If the amount computed under subsection (3)(b) of this section is zero or less, a local option  
20 equalization grant may not be made to the school district for the fiscal year.

21 (5) As soon as is practicable after school districts have certified property taxes to the assessor  
22 under ORS 310.060, the Department of Revenue shall report to the Department of Education a list  
23 of school districts certifying local option **property** taxes for the current fiscal year and the local  
24 option **property** tax rates for those districts. The amount of each local option equalization grant  
25 shall be calculated by the Department of Education.

26 (6) If the election authorizing the imposition of a local option **property** tax is held after the  
27 start of a biennium in which the local option **property** tax is to be imposed, the local option  
28 equalization grant for a fiscal year of that biennium shall be determined as otherwise prescribed in  
29 this section, but may not be paid to the school district until the first fiscal year of the next suc-  
30 ceeding biennium.

31 **SECTION 9.** ORS 280.040 is amended to read:

32 280.040. (1) As used in ORS 280.040 to 280.145:

33 (a) “Local option **property** tax” means a tax described under section 11 (4) or (7)(c), Article XI  
34 of the Oregon Constitution.

35 (b) “Subdivision” includes only such counties, municipal corporations, quasi-municipal corpo-  
36 rations and civil or political corporations or subdivisions as are empowered by law to levy ad  
37 valorem property taxes, except that “subdivision” does not include an education service district.

38 (2) All ad valorem tax revenues that are received by any subdivision as a result of a levy under  
39 ORS 280.040 to 280.090 and that are derived from an ad valorem tax levied for purposes other than  
40 general operations shall be:

41 (a) Kept by the treasurer or other financial officer in a fund that is separate and distinct from  
42 other funds of the subdivision.

43 (b) Expended only for the purpose for which the taxes were imposed.

44 **SECTION 10.** ORS 280.057 is amended to read:

45 280.057. A local option **property** tax levied by a community college district or community col-



1 lege service district may not exceed the amount of reduction in ad valorem property taxes caused  
2 under ORS 310.200 to 310.242.

3 **SECTION 11.** ORS 280.060 is amended to read:

4 280.060. (1) Upon approval of a majority of the electors of a subdivision in a manner that qual-  
5 ifies under section 11 (8), Article XI of the Oregon Constitution, a subdivision may levy local option  
6 **property** taxes outside the limitation imposed by section 11 (3), Article XI, Oregon Constitution,  
7 over the period of time that is authorized by the electors. The amount levied each year shall be:

8 (a) Uniform, or substantially so, throughout the period during which the taxes are levied; or

9 (b) Computed annually at the same dollar rate per thousand dollars assessed value in the sub-  
10 division, such rate to be declared in and made a part of the ballot measure to be submitted to the  
11 electorate.

12 (2) Notwithstanding subsection (1) of this section, a subdivision may certify for extension on the  
13 assessment and tax roll under ORS 310.060 a lesser amount of local option **property** tax or a lesser  
14 rate of local option **property** tax if the subdivision decides to collect less than the entire local op-  
15 tion **property** tax authorized by electors. The subdivision shall certify the lesser amount or rate in  
16 the written notice required to be made under ORS 310.060.

17 (3)(a) The period of time authorized by the electors [*shall*] **may** not exceed five years or, if the  
18 local option **property** tax is for capital projects, the lesser of:

19 (A) The expected useful life of the capital projects to be financed by the tax; or

20 (B) Ten years.

21 (b) A local option **property** tax for capital projects does not exceed the expected useful life of  
22 the capital projects financed by the tax if the estimated weighted average life of the tax does not  
23 exceed the estimated dollar weighted average of the capital assets comprising the capital projects  
24 that are to be financed by the tax. The estimated dollar weighted average life of capital projects  
25 shall be calculated under rules of the Department of Revenue that ensure that a local option  
26 **property** tax for capital projects is levied for no more than 10 years and no more than the useful  
27 life of the component of the capital projects financed by the tax that has the longest useful life.

28 (4)(a) All local option **property** taxes authorized by ORS 280.040 to 280.145 that are for capital  
29 projects and that have a term of more than five years shall be submitted to electors separately from  
30 local option **property** taxes with a term of five years or less.

31 (b) For purposes of this subsection, "capital project" means the acquisition of land upon which  
32 to construct an improvement, the acquisition of a building, the acquisition or construction of im-  
33 provements, the acquisition of an addition to a building which increases the square footage of the  
34 building, the construction of a building, the construction of an addition to an existing building which  
35 increases the square footage of the building or the acquisition of and installation of machinery and  
36 equipment which will become an integral part of a building or an addition to a building, the pur-  
37 chase of furnishings, equipment or other tangible property with an expected useful life of more than  
38 one year or a combination of those items.

39 (5) If a ballot measure authorizing a local option **property** tax states that the taxing district  
40 may issue bonds that are payable from that tax, voter approval of the tax [*shall constitute*] **consti-**  
41 **tutes** voter approval of the bonds, except that the approval [*shall*] **does** not entitle the taxing dis-  
42 trict to collect a greater amount of tax than the taxing district would have been entitled to collect  
43 if the ballot measure [*only*] authorized **only** local option **property** taxes and did not authorize bonds.  
44 If the local option **property** tax is approved by voters in a manner that qualifies under section 11  
45 (8), Article XI of the Oregon Constitution, then the taxing body may issue the bonds in a principal

1 amount that, together with the estimated interest to be paid on the bonds while the bonds are out-  
 2 standing, does not exceed the revenues estimated to be received from the local option **property** tax  
 3 [levy]. A taxing district may pledge the revenues received from the local option **property** tax and  
 4 the taxing district's full faith and credit to pay bonds authorized under this subsection.

5 **SECTION 12.** ORS 280.064 is amended to read:

6 280.064. Subject to ORS 294.305 to 294.565 and the applicable provisions of a charter, ordinance  
 7 or resolution of a subdivision, a subdivision may use revenues raised by a local option **property** tax  
 8 beyond the period of years during which the subdivision is authorized to levy the local option  
 9 **property** tax if the revenue is used for the purpose authorized by the electors.

10 **SECTION 13.** ORS 280.070 is amended to read:

11 280.070. (1) An election within a county for the purpose of approving a tax levy or tax rate un-  
 12 der ORS 280.060 shall be called by the county court or board of county commissioners and shall be  
 13 held on a date specified in ORS 203.085.

14 (2) An election within a city for the purpose of approving a tax levy or tax rate under ORS  
 15 280.060 or under section 11 (3)(c), Article XI of the Oregon Constitution, shall be called by the  
 16 governing body of the city and held on a date specified in ORS 221.230.

17 (3) An election within a political subdivision other than a county or city for the purpose of ap-  
 18 proving a tax levy or tax rate under ORS 280.060 or under section 11 (3)(c), Article XI of the Oregon  
 19 Constitution, shall be called by the governing body of the subdivision and held on a date specified  
 20 in ORS 255.345.

21 (4)(a) The ballot title for a measure authorizing the imposition of local option **property** taxes  
 22 shall contain the following additional statement:

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23  
 24  
 25 This measure may cause property taxes to increase more than three percent.  
 26  
 27

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28 (b) The [statements] **statement** required by this subsection shall not be considered for purposes  
 29 of the word count limitations under ORS 250.035.

30 (c) The [statements] **statement** required by this subsection shall be placed after the question on  
 31 the ballot title.

32 (5) As part of the question, the ballot title for a measure authorizing the imposition of local  
 33 option **property** taxes shall state:

34 (a) The length in years of the period during which the proposed local option **property** tax will  
 35 be imposed.

36 (b) The first fiscal year in which the proposed local option **property** tax will be imposed.

37 (6) As part of the question, the ballot title for a measure authorizing the establishment of a  
 38 permanent rate limitation shall contain the following information:

39 (a) The tax rate per \$1,000 of assessed value of the proposed permanent rate limitation.

40 (b) The first fiscal year in which the proposed permanent rate limitation will be imposed.

41 (7) The ballot title for a measure authorizing the imposition of local option **property** taxes or  
 42 a permanent rate limitation shall be in compliance with ORS 250.036.

43 **SECTION 14.** ORS 280.075 is amended to read:

44 280.075. (1) Notwithstanding any other law and when not inconsistent with or otherwise pro-  
 45 vided for in the Oregon Constitution, whenever a proposed local option **property** tax is submitted

1 to a vote of the people by any subdivision, the statement in the ballot title for the measure that  
 2 explains the chief purpose of the measure and gives reasons for the measure shall state the total  
 3 amount of money to be raised by the proposed local option **property** tax, in dollars and cents. If the  
 4 statement in the ballot title for the measure submitted includes an estimated tax impact, it shall be  
 5 based on the most current estimate of assessed value from the county assessor. The measure shall  
 6 bear the statement: “The estimated tax cost for this measure is an ESTIMATE ONLY based on the  
 7 best information available from the county assessor at the time of estimate.”

8 (2) Subsection (1) of this section does not apply to a local option **property** tax described in ORS  
 9 280.060 (1)(b). For a levy described in ORS 280.060 (1)(b), an estimate of the total amount of money  
 10 to be raised for each year of the proposed local option **property** tax shall be stated in dollars and  
 11 cents. If the levy described in ORS 280.060 (1)(b) raises more money than estimated, the excess col-  
 12 lections above that estimate shall be considered a budget resource for the levy fund in the next  
 13 fiscal year of the subdivision. This section has no application to elections and levies with respect  
 14 to bonds, for which provision is made in ORS 287.004 to 287.022 and 287.052 to 287.488 or other laws.

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

19 **SECTION 15.** ORS 280.090 is amended to read:

20 280.090. If more than one proposal to impose local option **property** taxes is submitted to the  
 21 electors at the same election, the several ballot measures shall be voted upon separately. However,  
 22 not more than four separate ballot measures proposing local option **property** taxes may be submit-  
 23 ted to the electors under the provisions of ORS 280.040 to 280.145 within a single calendar year.

24 **SECTION 16.** ORS 294.381 is amended to read:

25 294.381. (1) Each municipal corporation that has the power to levy an ad valorem property tax  
 26 shall estimate, in the manner provided in this section, the amount of revenues that will be received  
 27 in the ensuing year or ensuing budget period through the imposition of taxes upon the taxable  
 28 property within the municipal corporation.

29 (2) Subject to the additional adjustments required under subsection (3) of this section, the esti-  
 30 mated ad valorem taxes that will be received in the ensuing year or ensuing budget period is the  
 31 sum of the following:

32 (a) The amount derived by multiplying the estimated assessed value for the ensuing year or each  
 33 fiscal year of the ensuing budget period of the taxable property within the municipal corporation,  
 34 after boundary changes have been filed in final approved form with the county assessor and the  
 35 Department of Revenue as provided in ORS 308.225, by whichever of the following is applicable to  
 36 the municipal corporation:

37 (A) The municipal corporation’s permanent rate limit on operating taxes, as defined in ORS  
 38 310.202 (7), or such lesser rate as the municipal corporation may determine to use for purposes of  
 39 levying such ad valorem taxes; or

40 (B) The municipal corporation’s statutory rate limit on operating taxes, as defined in ORS  
 41 310.202 (10), or such lesser rate as the municipal corporation may determine to use for purposes of  
 42 levying such ad valorem taxes.

43 (b) If the municipal corporation is authorized to levy a local option **property** tax that was au-  
 44 thorized by the electors as a dollar amount, the dollar amount of such local option **property** tax that  
 45 is authorized to be levied in the ensuing year or ensuing budget period.

1 (c) If the municipal corporation is authorized to levy a local option **property** tax that was au-  
 2 thorized by the electors as a tax rate, the amount derived by multiplying the authorized rate of such  
 3 local option **property** tax for the ensuing year or ensuing budget period by the estimated assessed  
 4 value for the ensuing year or each fiscal year of the ensuing budget period of the taxable property  
 5 within the municipal corporation.

6 (d) The municipal corporation's estimate of the amount required to pay the principal and inter-  
 7 est on the amounts described in ORS 310.060 (2)(d) and (e), divided by the annual average percentage  
 8 of taxes collected in the county in which the taxable property of the municipal corporation is lo-  
 9 cated. The estimate may include amounts to reimburse the municipal corporation for the payment  
 10 of principal and interest on exempt bonded indebtedness that the municipal corporation made from  
 11 other moneys because collections of taxes levied for exempt bonded indebtedness were not sufficient  
 12 to pay that exempt bonded indebtedness.

13 (3) The sum of the amounts determined under subsection (2)(a), (b) and (c) of this section shall  
 14 be reduced by an amount equal to the estimated amount of such taxes that will not be collected as  
 15 a result of:

16 (a) The discounts allowed under ORS 311.505;

17 (b) The limits imposed under ORS 310.150 (3); and

18 (c) The failure of taxpayers to pay such taxes in the year for which they are levied.

19 (4) The estimated ad valorem taxes determined in accordance with subsections (2) and (3) of this  
 20 section shall be used by the municipal corporation for purposes of complying with the requirements  
 21 of ORS 310.060 (1).

22 **SECTION 17.** ORS 294.418 is amended to read:

23 294.418. In lieu of the publication requirements contained in ORS 294.416, a municipal corpo-  
 24 ration may elect to publish its budget as provided in this section.

25 (1) There shall be published, as provided in ORS 294.421, a summary of the budget as approved  
 26 by the budget committee and compared with the budget summary of the preceding year or preceding  
 27 budget period and the budget summary for the current year or current budget period. As a minimum  
 28 requirement, there shall be listed the total requirements for personal services, materials and ser-  
 29 vices, capital outlay, special payments, debt service, transfers and operating contingencies for the  
 30 budget. In addition, there shall be published a brief narrative description of the major activities or  
 31 major programs of the municipal corporation and the prominent changes from the current year or  
 32 current budget period. Information shall be furnished showing the personnel requirement changes  
 33 for each major activity or major program. The narrative shall state the major resources for financ-  
 34 ing each major activity or program and the prominent changes from the current year or current  
 35 budget period, or shall state that each major activity or program is financed from general resources  
 36 of the governmental unit. The summary for the ensuing year or ensuing budget period and for the  
 37 current year or current budget period shall show total budgeted requirements, total estimated re-  
 38 sources other than ad valorem property taxes and estimated ad valorem property tax revenues,  
 39 stated in dollars and cents. The summary shall also state the municipal corporation's operating tax  
 40 rate and the amount or rate of any other ad valorem property taxes to be certified to the assessor.  
 41 Tax rates shall be expressed at a rate per thousand dollars of assessed value. The summary shall  
 42 include an analysis of ad valorem property taxes for the current and ensuing years or budget periods  
 43 that are outside of the municipal corporation's permanent rate limit or statutory rate limit, if ap-  
 44 plicable, showing local option **property** taxes and ad valorem property taxes for meeting payments  
 45 on bond, principal and interest thereon and for meeting other obligations of the municipal corpo-

1 ration described under section 11 (5), Article XI of the Oregon Constitution.

2 (2) There shall be published with the summary:

3 (a) A notice of the time and place at which the budget document as approved by the budget  
4 committee may be discussed with the governing body.

5 (b) A statement that the budget is prepared in accordance with the basis of accounting used in  
6 the preceding year or budget period unless a change in the basis of accounting is anticipated; and  
7 if a change in the basis of accounting is to be made, there shall be an explanation of the change  
8 and the effects of the change.

9 (c) A notice of the place where the complete budget document is available for inspection by the  
10 general public during regular business hours and where copies of the complete budget document  
11 may be obtained.

12 **SECTION 18.** ORS 294.435 is amended to read:

13 294.435. (1) After the public hearing provided for in ORS 294.430 (1) has been held, the governing  
14 body shall enact the proper ordinances or resolutions to adopt the budget, to make the appropri-  
15 ations, to determine, make and declare the ad valorem property tax amount or rate to be certified  
16 to the assessor for either the ensuing year or each of the years of the ensuing budget period and  
17 to itemize and categorize the ad valorem property tax amount or rate as provided in ORS 310.060.  
18 Consideration shall be given to matters discussed at the public hearing. The budget estimates and  
19 proposed ad valorem property tax amount or rate as shown in the budget document may be amended  
20 prior to adoption and may also be amended by the governing body following adoption if such  
21 amendments are adopted prior to the commencement of the fiscal year or budget period to which  
22 the budget relates. However, the amount of estimated expenditures for each fund in an annual  
23 budget may not be increased by more than \$5,000 or 10 percent of the estimated expenditures,  
24 whichever is greater, and the amount of estimated expenditures for each fund in a biennial budget  
25 may not be increased by more than \$10,000 or 10 percent of the estimated expenditures, whichever  
26 is greater, and the amount or rate of the total ad valorem property taxes to be certified by the  
27 municipal corporation to the assessor may not exceed the amount approved by the budget commit-  
28 tee:

29 (a) Unless the amended budget document is republished as provided by ORS 294.416 or 294.418  
30 and 294.421 for the original budget and another public hearing is held as provided by ORS 294.430  
31 (1); or

32 (b) Except to the extent ad valorem property taxes may be increased pursuant to ORS 294.437.

33 (2) After the public hearing provided for in ORS 294.430 (2) or (3) has been held and the certif-  
34 ication of the tax supervising and conservation commission received, if such certification is required,  
35 the governing body shall enact the proper ordinances or resolutions to adopt the budget, to make  
36 the appropriations, to determine, make and declare the ad valorem property tax amount or rate for  
37 either the ensuing fiscal year or each of the fiscal years of the ensuing budget period and to itemize  
38 and categorize the ad valorem property tax amount or rate as provided in ORS 310.060. Consider-  
39 ation shall be given any orders, recommendations or objections made by the tax supervising and  
40 conservation commission in accordance with law. The action taken on each order, recommendation  
41 or objection after such consideration by the governing body, with the reasons for such action, shall  
42 be included in the ordinance or resolution adopting the budget. A certified copy of the ordinance  
43 or resolution shall be sent to the commission within 15 days after the date the ordinance or resol-  
44 ution is adopted. The budget estimates, appropriations and ad valorem property tax amount or rate  
45 as shown in the budget document may be amended prior to adoption and may also be amended by

1 the governing body following adoption if such amendments are adopted prior to the commencement  
 2 of the fiscal year or budget period to which the budget relates. However, the amount of estimated  
 3 expenditures for each fund may not be increased by more than \$5,000 or 10 percent of the estimated  
 4 expenditures, whichever is greater, the amount of estimated expenditures for each fund in a biennial  
 5 budget may not be increased by more than \$10,000 or 10 percent of the estimated expenditures,  
 6 whichever is greater, and the amount or rate of the total ad valorem property taxes to be certified  
 7 by the municipal corporation to the assessor may not exceed the amount shown in the budget doc-  
 8 ument at the time of the budget hearing:

9 (a) Unless the amended budget document is resubmitted to the tax supervising and conservation  
 10 commission for another public hearing, and for recommendations or objections of that body; or

11 (b) Except to the extent ad valorem property taxes may be increased pursuant to ORS 294.437.

12 (3) The appropriations required by subsections (1) and (2) of this section shall, as a minimum,  
 13 contain one amount for each organizational unit or program of each fund. In addition, separate  
 14 amounts shall be appropriated in each fund for debt service, special payments, interfund revenue  
 15 transfers, capital outlay, operating expenses which cannot be allocated to an organizational unit or  
 16 program and operating contingencies. If the governing body so desires, it may appropriate separate  
 17 amounts for activities within an organizational unit or program. For those municipal corporations  
 18 where the term “organizational unit” has no application, the appropriations shall contain separate  
 19 amounts for personal services, materials and services, capital outlay, debt service, special payments,  
 20 interfund revenue transfers and operating contingency for each fund.

21 (4) Thereafter no greater expenditure, or encumbrance if encumbrance accounting is used, of  
 22 public money shall be made for any specific purpose other than the amount appropriated therefor  
 23 except as provided in ORS 294.326, 294.440, 294.450 and 294.480.

24 (5) The determination of the amount or rate of ad valorem property taxes to be certified shall  
 25 be entered in the proper records of the governing body. Except as provided in ORS 294.437, no  
 26 greater tax than that so entered upon the record shall be certified by the municipal corporation  
 27 proposing the tax for the purpose or purposes indicated.

28 (6) Nothing contained in this section shall preclude a governing body during the fiscal year or  
 29 budget period by appropriate ordinance or resolution, after public hearing, from adjusting budgeted  
 30 resources and reducing appropriations to reflect a decrease in available resources.

31 (7)(a) The governing body shall determine, make and declare ad valorem property taxes under  
 32 subsections (1) and (2) of this section as a rate per \$1,000 of assessed value if the taxes are operating  
 33 taxes or rate-based local option **property** taxes as a rate per \$1,000 of assessed value.

34 (b) The governing body shall determine, make and declare ad valorem property taxes under  
 35 subsections (1) and (2) of this section as an amount if the taxes are being certified as amount-based  
 36 local option **property** taxes, to pay principal and interest on exempt bonded indebtedness or to pay  
 37 other government obligations described in section 11 (5), Article XI of the Oregon Constitution.

38 **SECTION 19.** ORS 310.055 is amended to read:

39 310.055. (1) As used in the property tax laws of this state, “operating taxes” means ad valorem  
 40 property taxes that are subject to a permanent rate limit under section 11, Article XI of the Oregon  
 41 Constitution, or statutory rate limit under ORS 310.236 (4) or 310.237, if applicable.

42 (2) For the tax year beginning July 1, 1997, operating taxes consist of the sum of the following  
 43 (or such lesser amount as is certified to the assessor under ORS 310.206 (4)(b):

44 (a) The total amount of ad valorem property taxes as provided in ORS 310.200 to 310.242, except  
 45 that the amount under this paragraph does not include:

1 (A) Local option **property** taxes;

2 (B) Ad valorem property taxes used to repay taxing district bond or pension and disability plan  
3 obligations described in section 11 (5), Article XI of the Oregon Constitution;

4 (C) Ad valorem property taxes that would otherwise be subject to this paragraph, except that  
5 the taxes are of a taxing district other than a city, county or school district, and are used to support  
6 a hospital facility;

7 (D) Ad valorem property taxes that would otherwise be subject to this paragraph, except that  
8 the levy of the taxes was approved by voters prior to December 5, 1996, that met the voter partic-  
9 ipation requirements in section 11 (8), Article XI of the Oregon Constitution, and that are first im-  
10 posed in the tax year beginning July 1, 1996, or July 1, 1997;

11 (E) Serial or one-year levies described in ORS 280.040 to 280.140 (1995 Edition) that replace  
12 levies that were imposed in the tax year beginning July 1, 1996, that were approved by voters in  
13 an election held after December 4, 1996, and that are first imposed for the tax year beginning July  
14 1, 1997, if the rate or the amount of the levy is not greater than the rate or the amount of the re-  
15 placed levy;

16 (F) Taxes imposed to pay principal and interest on exempt bonded indebtedness; and

17 (G) Urban renewal increment taxes; and

18 (b) The total amount of the following ad valorem property taxes, without reduction under ORS  
19 310.200 to 310.242:

20 (A) Ad valorem property taxes of a taxing district other than a city, county or school district  
21 that are used to support a hospital facility;

22 (B) Ad valorem property taxes approved by voters prior to December 5, 1996, that met the voter  
23 participation requirements in section 11 (8), Article XI of the Oregon Constitution, and that are first  
24 imposed in the tax year beginning July 1, 1996, or July 1, 1997; and

25 (C) Serial or one-year levies described in ORS 280.040 to 280.140 (1995 Edition) that replace  
26 levies that were imposed in the tax year beginning July 1, 1996, that were approved by voters after  
27 December 4, 1996, and that are first imposed for the tax year beginning July 1, 1997, if the rate or  
28 the amount of the levy is not greater than the rate or the amount of the replaced levy.

29 (3) For tax years beginning on or after July 1, 1998, each taxing district is authorized to levy  
30 the full amount of the operating taxes of the district on all taxable property within the boundaries  
31 of the district. Operating taxes consist of:

32 (a) Ad valorem property taxes imposed at the rate established as the permanent rate limit or  
33 statutory rate limit, if applicable, for the taxing district or such lesser rate as the taxing district  
34 certifies to the assessor under ORS 310.060; or

35 (b) If the district is imposing operating property taxes for the first time, ad valorem property  
36 taxes imposed at the rate established in the manner provided for by law as the permanent rate limit  
37 for the district or such lesser rate as the taxing district may determine.

38 **SECTION 20.** ORS 310.060 is amended to read:

39 310.060. (1) Not later than July 15 of each year, every city, school district or other public cor-  
40 poration authorized to levy or impose a tax on property shall file a written notice certifying the ad  
41 valorem property tax rate or the estimated amount of ad valorem property taxes to be imposed by  
42 the taxing district and any other taxes on property imposed by the taxing district on property sub-  
43 ject to ad valorem property taxation that are required or authorized to be placed on the assessment  
44 and tax roll for the current fiscal year. The notice shall be accompanied by two copies of a lawfully  
45 adopted ordinance or resolution that categorizes the tax, fee, charge, assessment or toll as subject

1 to or not subject to the limits of section 11b, Article XI of the Oregon Constitution, identified by the  
 2 categories set forth in ORS 310.150.

3 (2) For any ad valorem property taxes levied by the taxing district, the notice shall state as  
 4 separate items:

5 (a) The taxing district's rate of ad valorem property taxation that is within the permanent rate  
 6 limitation imposed by section 11 (3), Article XI of the Oregon Constitution, or within the statutory  
 7 rate limit determined in ORS 310.236 (4)(b) or 310.237, if applicable;

8 (b) The total rate or amount of the taxing district's local option **property** taxes imposed pursu-  
 9 ant to ORS 280.040 to 280.145 that have a term of five years or less and that are not for capital  
 10 projects;

11 (c) The total amount of the taxing district's local option **property** taxes that are for capital  
 12 projects;

13 (d) The total amount levied for the payment of bonded indebtedness or interest thereon that is  
 14 not subject to limitation under section 11 (11) or section 11b, Article XI of the Oregon Constitution;  
 15 and

16 (e) The total amount levied that is subject to section 11b, Article XI of the Oregon Constitution,  
 17 but that is not subject to the permanent ad valorem property tax rate limit described in section 11  
 18 (3), Article XI of the Oregon Constitution, because the amount levied is to be used to repay:

19 (A) Principal and interest for any bond issued before December 5, 1996, and secured by a pledge  
 20 or explicit commitment of ad valorem property taxes or a covenant to levy or collect ad valorem  
 21 property taxes;

22 (B) Principal and interest for any other formal, written borrowing of moneys executed before  
 23 December 5, 1996, for which ad valorem property tax revenues have been pledged or explicitly  
 24 committed, or that are secured by a covenant to levy or collect ad valorem property taxes;

25 (C) Principal and interest for any bond issued to refund an obligation described in subparagraph  
 26 (A) or (B) of this paragraph; or

27 (D) Local government pension and disability plan obligations that commit ad valorem property  
 28 taxes.

29 (3)(a) The notice shall also list each rate or amount subject to the limits of section 11b, Article  
 30 XI of the Oregon Constitution, identified by the categories set forth in ORS 310.150.

31 (b) If an item described in subsection (2) of this section is allocable to more than one category  
 32 described in ORS 310.150, the notice shall list separately the portion of each item allocable to each  
 33 category.

34 (4) For any other taxes on property imposed by the taxing district, the notice shall state:

35 (a) The total amount of money to be raised by each other tax, in the aggregate or on a property  
 36 by property basis, as appropriate.

37 (b) Each amount that is subject to the limits of section 11b, Article XI of the Oregon Constitu-  
 38 tion, identified by the categories set forth in ORS 310.150.

39 (5) For any district authorized by law to place any other fees, charges, assessments or tolls on  
 40 the assessment and tax roll, the notice shall state the total amount of money to be raised on a  
 41 property by property basis.

42 (6) In addition to the notice required under subsection (1) of this section, any taxing district that  
 43 is subject to the Local Budget Law shall also provide the documents required by ORS 294.555 (3).

44 (7)(a) Not later than July 15 of each year, the taxing district shall give the notice and documents  
 45 described in this section to the assessor of the county in which the principal office of the taxing



1 district is located and, if the taxing district is located in more than one county, to the assessor of  
 2 each county in which any part of the taxing district is located. Not later than September 30 of each  
 3 year, the taxing district shall provide a complete copy of the budget document to the clerk of the  
 4 county in which the principal office of the taxing district is located and, if the taxing district is lo-  
 5 cated in more than one county, to the clerk of each county in which any part of the taxing district  
 6 is located.

7 (b) If there is no county clerk in a county to which a taxing district is required by paragraph  
 8 (a) of this subsection to submit a budget document, then the taxing district shall submit the budget  
 9 document to the tax supervising and conservation commission in that county.

10 (8) The Department of Revenue shall prescribe the form of notice required by this section. All  
 11 amounts shall be stated in dollars and cents or ad valorem property tax rates in dollars and cents  
 12 per thousand dollars of assessed value, as required by law. If the notice is given to the assessor,  
 13 clerk or tax supervising and conservation commission of more than one county, a copy of each other  
 14 such notice given shall accompany every notice given.

15 (9) For good and sufficient reason, the county assessor may extend the time for the giving of the  
 16 notice or correcting an erroneous certification for the current year up to but not later than October  
 17 1 as the county assessor considers reasonable.

18 **SECTION 21.** ORS 310.150 is amended to read:

19 310.150. (1) The three categories within which ad valorem property tax items are to be cate-  
 20 gorized in the notice to be filed under ORS 310.060 and for which category rates of ad valorem  
 21 property taxes are to be computed under ORS 310.090 and tentative consolidated category rates are  
 22 to be computed for each code area under ORS 310.147 are as follows:

23 (a) Taxes levied or imposed for the purpose of funding exempt bonded indebtedness.

24 (b) Taxes levied or imposed for the purpose of funding the public school system and that are not  
 25 described in paragraph (a) of this subsection.

26 (c) Taxes levied or imposed for the purpose of funding government operations other than public  
 27 school system operations and that are not described in paragraph (a) of this subsection.

28 (2) After computation of the tentative ad valorem property tax consolidated rate for each cate-  
 29 gory under ORS 310.147, and after calculation of the amount of ad valorem property taxes to be  
 30 imposed on properties in the county, but before extending any taxes on the assessment and tax roll,  
 31 the assessor shall determine whether the total amount of taxes on property to be imposed on each  
 32 property in the code area in each category is within the limits described in subsection (3) of this  
 33 section.

34 (3)(a) The assessor shall determine whether the ad valorem property taxes to be imposed on any  
 35 property exceed the limits described in this subsection in order to ensure, as guaranteed in section  
 36 11 (11) and 11b, Article XI of the Oregon Constitution, that taxes imposed in each geographic area  
 37 taxed by the same local taxing districts do not exceed \$5 (public school system) and \$10 (other  
 38 government) per \$1,000 of real market value.

39 (b) For the category of taxes imposed for the purpose of funding the public school system that  
 40 are not for the purpose of paying principal and interest on exempt bonded indebtedness, if the ten-  
 41 tative consolidated ad valorem property tax rate determined under subsection (2) of this section  
 42 exceeds \$5 per \$1,000 of real market value, the consolidated rate shall be adjusted as provided in  
 43 this section so that the consolidated rate for the public school system category equals \$5 per \$1,000  
 44 of real market value.

45 (c) For the category of taxes imposed for the purpose of funding government operations other

1 than the public school system and that are not for the purpose of paying principal and interest on  
 2 exempt bonded indebtedness, if the tentative consolidated ad valorem property tax rate exceeds \$10  
 3 per \$1,000 of real market value, the consolidated rate shall be adjusted as provided in this section  
 4 so that the consolidated rate for the other government category equals \$10 per \$1,000 of real market  
 5 value.

6 (d) For the category of taxes imposed for the purpose of paying principal and interest on exempt  
 7 bonded indebtedness, the tentative consolidated rate determined under subsection (2) of this section  
 8 shall be the consolidated rate for the exempt bonded indebtedness category.

9 (4) If the taxes on property in either category to be imposed on any property in the code area  
 10 exceed the limit established for that category in subsection (3) of this section, the assessor shall  
 11 reduce the taxes by applying a reduction ratio.

12 (5)(a) If local option **property** taxes described under ORS 280.040 to 280.145 have been adopted  
 13 by one or more taxing districts in the code area, the reduction ratio shall be calculated under this  
 14 subsection and applied only to the local option **property** taxes imposed on the property for which  
 15 the taxes are being determined.

16 (b) Local option **property** taxes subject to compression under this subsection include urban re-  
 17 newal division of tax revenue that is derived from the division of local option **property** tax au-  
 18 thority.

19 (c) The numerator of the reduction ratio shall be the amount obtained (but not less than zero)  
 20 by subtracting the tentative consolidated category rate of ad valorem property taxes that are not  
 21 local option **property** taxes from the maximum rate of ad valorem property taxes for the category  
 22 described in subsection (3) of this section.

23 (d) The denominator for the ratio shall be the total rate of all local option **property** taxes for  
 24 the category.

25 (e) The assessor shall multiply the reduction ratio determined under this subsection by each  
 26 local option **property** tax amount to which the property is subject in the category.

27 (f) So reduced, the assessor shall again determine if the total taxes for the category to be im-  
 28 posed on the property exceed the limits described in subsection (3) of this section. If the reduced  
 29 taxes for the category do not exceed the category limit, such taxes shall be the taxes used to com-  
 30 pute the consolidated rate for the code area in which the property is located. If the reduced taxes  
 31 for the category still exceed the category limit after all local option **property** taxes have been  
 32 eliminated, the taxes in the category shall be subject to further reduction under subsection (6) of  
 33 this section.

34 (6)(a) If the property is not subject to local option **property** taxes or if all local option **property**  
 35 taxes have been eliminated as a result of the application of the reduction ratio calculated under  
 36 subsection (5) of this section, and the tentative consolidated rate determined under ORS 310.147 for  
 37 the category exceeds the maximum rate of ad valorem property taxes for the category described in  
 38 subsection (3) of this section, the reduction ratio shall be determined under this subsection.

39 (b) The numerator of the reduction ratio shall be the maximum rate permitted for the category  
 40 described in subsection (3) of this section.

41 (c) The denominator of the reduction ratio shall be the tentative consolidated category rate  
 42 under ORS 310.147 (or the category rate applicable to the property after the reduction under sub-  
 43 section (5) of this section, if applicable).

44 (d) The assessor shall multiply the reduction ratio determined under this subsection by the  
 45 amount of each taxing district item of ad valorem property tax that is a component of the tentative

1 consolidated category rate for the code area in which the property is located.

2 (7) In determining whether the taxes described in subsection (1)(c) of this section exceed the  
3 limitation under subsection (3)(c) of this section, all moneys raised through the urban renewal spe-  
4 cial levy described in ORS 457.435 and all moneys raised through the urban renewal division of tax,  
5 including amounts derived from exempt bonded indebtedness authority and local option **property** tax  
6 authority, must be categorized as subject to the limitation described in subsection (3)(c) of this sec-  
7 tion.

8 **SECTION 22.** ORS 250.038 is amended to read:

9 250.038. In addition to meeting other applicable requirements of this chapter:

10 (1) The ballot title for a measure authorizing the imposition of local option **property** taxes shall  
11 contain the statement required by ORS 280.070 (4)(a) and the information required by ORS 280.070  
12 (5);

13 (2) The ballot title for a measure authorizing the establishment of a permanent rate limitation  
14 shall contain the information required by ORS 280.070 (6); and

15 (3) If the election on a measure authorizing the imposition of local option **property** taxes or the  
16 establishment of a permanent rate limitation is to be conducted by mail, the front of the outer en-  
17 velope in which the ballot title is mailed shall state, clearly and boldly printed in red, "CONTAINS  
18 VOTE ON PROPOSED TAX INCREASE."

19 **SECTION 23.** ORS 358.820 is amended to read:

20 358.820. Any city having a population of 250,000 or more may, when authorized as provided in  
21 ORS 358.840, levy each year a tax of not to exceed fifteen-hundredths of one mill on each dollar of  
22 assessed valuation of property subject to taxation by the city for the purpose of maintaining and  
23 employing one major symphony orchestra, one band and one junior symphony orchestra. At the  
24 election of the governing body of the city, the levy may be:

25 (1) Within the permanent rate limit for the city, but may not increase that limit; or

26 (2) A local option **property** tax described in ORS 280.040 to 280.145.

27 **SECTION 24.** ORS 368.705 is amended to read:

28 368.705. (1) In addition to a tax authorized by the electors of a county as provided by ORS  
29 280.040 to 280.145 and by subsection (3) of this section, the county governing body of each county  
30 may levy an ad valorem tax on all taxable property within the county, which shall be set apart in  
31 the county treasury as a general road fund. The tax shall be paid in money. The tax shall be levied  
32 and collected in the same manner as other county taxes and subject to the limits set forth in ORS  
33 310.150.

34 (2) The general road fund mentioned in subsection (1) of this section shall be used:

35 (a) In establishing, laying out, opening, surveying, altering, improving, constructing, maintaining  
36 and repairing county roads and bridges on county roads; or

37 (b) In like manner alone or in cooperation with the state on roads within the county known as  
38 state roads, or such roads or any portion thereof built in cooperation with the United States in ac-  
39 cordance with the Act of July 11, 1916, entitled "An act to provide that the United States shall aid  
40 the states in the construction of rural post roads and for other purposes," or any other Act of  
41 Congress, rule or regulation of any department of the United States.

42 (3) Taxes levied pursuant to ORS 369.020 may be levied under the authority of this section if the  
43 county governing body transmits to the county assessor and county clerk with its notice of levy a  
44 certificate of the levy made pursuant to ORS 369.020 for the previous tax year together with its  
45 request to continue the former levy for market road purposes as a levy for county road purposes.

1 (4) No county funds derived from any ad valorem tax levy other than those mentioned in sub-  
 2 sections (1) and (3) of this section shall be used or expended by the county governing body upon any  
 3 roads or bridges except local option **property** taxes levied under ORS 280.040 to 280.145.

4 **SECTION 25.** ORS 368.707 is amended to read:

5 368.707. Local option **property** taxes levied as provided by ORS 280.040 to 280.145 shall be ap-  
 6 portioned and transferred to cities as provided by ORS 368.710.

7 **SECTION 26.** ORS 451.490 is amended to read:

8 451.490. The district may, in accordance with the order adopted under ORS 451.485, finance the  
 9 construction, operation or maintenance of service facilities for a district by:

10 (1) Use of funds from a fund established under ORS 280.055 or 451.540 to be repaid by the dis-  
 11 trict without interest.

12 (2) Assessments against the property in the district with or without issuance of bonds authorized  
 13 under ORS 223.205, 223.210 to 223.295 and 223.770.

14 (3) Service or user charges in the district.

15 (4) Connection charges.

16 (5) District ad valorem taxes.

17 (6) Sale of bonds.

18 (7) Funds obtained under ORS 280.040, 280.050, 280.060, 280.070, 280.080 and 280.090. A district  
 19 local option **property** tax adopted under ORS 280.060 [*shall*] **does** not authorize a tax in any fiscal  
 20 year later than the fiscal year in which the district is subject to dissolution under ORS 451.620 (1)  
 21 and (2).

22 (8) Any combination of the provisions of subsections (1) to (7) of this section.

23 **SECTION 27.** ORS 294.437 is amended to read:

24 294.437. (1) Following the adoption of a budget under ORS 294.435 that does not include revenue  
 25 from a proposed local option tax, if a municipal corporation places a local option tax measure on  
 26 the ballot for an election held in September and the electors of the municipal corporation approve  
 27 the measure, in order to impose the local option tax during the current fiscal year or current budget  
 28 period the governing body of the municipal corporation must:

29 (a) Adopt an ordinance or resolution to determine, make and declare the local option tax and,  
 30 **if the tax is a property tax**, to categorize the local option tax amount or rate as provided in ORS  
 31 310.060;

32 (b) Receive from the assessor of the county in which the municipal corporation is located (or,  
 33 if the municipal corporation is located in more than one county, from the assessor of each county  
 34 in which the municipal corporation is located) written approval to file a supplemental notice of  
 35 property tax as described in ORS 310.060 (9); and

36 (c) File with the assessor of the county in which the municipal corporation is located (or, if the  
 37 municipal corporation is located in more than one county, with the assessor of each county in which  
 38 the municipal corporation is located) two copies of the ordinance or resolution described in para-  
 39 graph (a) of this subsection, two copies of the supplemental notice of property tax required under  
 40 ORS 310.060 and two copies of the approved local option tax measure.

41 (2) Funds raised by a local option tax described in this section may not be expended by the  
 42 municipal corporation unless the municipal corporation has adopted a supplemental budget in ac-  
 43 cordance with ORS 294.480. Funds may be expended only in accordance with the supplemental  
 44 budget so adopted.

45 (3) As soon as received, the county assessor shall forward one copy of each of the documents

1 described in subsection (1)(c) of this section to the Department of Revenue.

2 **SECTION 28.** ORS 294.480 is amended to read:

3 294.480. (1) Notwithstanding requirements as to estimates of and limitation on expenditures, the  
 4 governing body of any municipal corporation may make a supplemental budget for the fiscal year  
 5 or budget period for which the regular budget has been prepared under one or more of the following  
 6 circumstances:

7 (a) An occurrence or condition which had not been ascertained at the time of the preparation  
 8 of a budget for the current year or current budget period which requires a change in financial  
 9 planning.

10 (b) A pressing necessity which was not foreseen at the time of the preparation of the budget for  
 11 the current year or current budget period which requires prompt action.

12 (c) Funds were made available by another unit of federal, state or local government and the  
 13 availability of such funds could not have been ascertained at the time of the preparation of the  
 14 budget for the current year or current budget period.

15 (d) A request for services or facilities, the cost of which shall be supplied by a private individ-  
 16 ual, corporation or company or by another governmental unit and the amount of the request could  
 17 not have been accurately ascertained at the time of the preparation of the budget for the current  
 18 year or current budget period.

19 (e) Proceeds from the involuntary destruction, involuntary conversion, or sale of property has  
 20 necessitated the immediate purchase, construction or acquisition of different facilities in order to  
 21 carry on the governmental operation.

22 (f) Ad valorem property taxes are received during the fiscal year or budget period in an amount  
 23 sufficiently greater than the amount estimated to be collected that the difference will significantly  
 24 affect the level of government operations to be funded by those taxes as provided in the budget for  
 25 the current year or current budget period.

26 (g) A local option **property** tax described in ORS 294.437 is certified for extension on the as-  
 27 sessment and tax roll under ORS 310.060 for the fiscal year or budget period in which the local  
 28 option **property** tax measure is approved by voters.

29 (2) A supplemental budget may not extend beyond the end of the fiscal year or budget period  
 30 during which it is submitted.

31 (3) When the estimated expenditures contained in a supplemental budget for a fiscal year or  
 32 budget period differ by less than 10 percent of any one of the individual funds contained in the  
 33 regular budget for that fiscal year or budget period that is being changed in the supplemental  
 34 budget, the governing body of the municipal corporation may adopt the supplemental budget at a  
 35 regular meeting of the governing body. Notice of such regular meeting, including sufficient detail  
 36 on revenues and expenditures, shall be published by one or more of the methods permitted under  
 37 ORS 294.311 (34) not less than five days prior to the meeting. Following such meeting, the governing  
 38 body shall make additional appropriations and may thereafter make additional expenditures as au-  
 39 thorized by such appropriations.

40 (4) When the estimated expenditures contained in a supplemental budget for a fiscal year or  
 41 budget period differ by 10 percent or more of any one of the individual funds contained in the reg-  
 42 ular budget for that fiscal year or budget period that is being changed in the supplemental budget,  
 43 the supplemental budget, or a summary thereof, shall be published, or, in counties having a tax  
 44 supervising and conservation commission, shall be submitted to the tax supervising and conservation  
 45 commission within the county. The governing body, or, where applicable, the tax supervising and

1 conservation commission shall then hold a public hearing on the supplemental budget. Publication  
 2 of the budget and notice of the hearing shall be given in the manner provided in ORS 294.421.  
 3 Following such hearing, the governing body shall make additional appropriations and may thereafter  
 4 make additional expenditures as authorized by such appropriations.

5 (5) Except as provided in ORS 294.437, the making of a supplemental budget does not authorize  
 6 the governing body to increase the municipal corporation's total ad valorem property taxes above  
 7 the amount or rate published with the regular budget and certified to the assessor under ORS  
 8 310.060 in conjunction with the regular budget for the fiscal year or for each fiscal year of the  
 9 budget period to which the supplemental budget applies.

10 **SECTION 29.** ORS 457.010 is amended to read:

11 457.010. As used in this chapter, unless the context requires otherwise:

12 (1) "Blighted areas" means areas that, by reason of deterioration, faulty planning, inadequate  
 13 or improper facilities, deleterious land use or the existence of unsafe structures, or any combination  
 14 of these factors, are detrimental to the safety, health or welfare of the community. A blighted area  
 15 is characterized by the existence of one or more of the following conditions:

16 (a) The existence of buildings and structures, used or intended to be used for living, commercial,  
 17 industrial or other purposes, or any combination of those uses, that are unfit or unsafe to occupy  
 18 for those purposes because of any one or a combination of the following conditions:

- 19 (A) Defective design and quality of physical construction;
- 20 (B) Faulty interior arrangement and exterior spacing;
- 21 (C) Overcrowding and a high density of population;
- 22 (D) Inadequate provision for ventilation, light, sanitation, open spaces and recreation facilities;

23 or

- 24 (E) Obsolescence, deterioration, dilapidation, mixed character or shifting of uses;
- 25 (b) An economic dislocation, deterioration or disuse of property resulting from faulty planning;
- 26 (c) The division or subdivision and sale of property or lots of irregular form and shape and in-  
 27 adequate size or dimensions for property usefulness and development;
- 28 (d) The laying out of property or lots in disregard of contours, drainage and other physical  
 29 characteristics of the terrain and surrounding conditions;
- 30 (e) The existence of inadequate streets and other rights of way, open spaces and utilities;
- 31 (f) The existence of property or lots or other areas that are subject to inundation by water;
- 32 (g) A prevalence of depreciated values, impaired investments and social and economic  
 33 maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are  
 34 inadequate for the cost of public services rendered;

35 (h) A growing or total lack of proper utilization of areas, resulting in a stagnant and unpro-  
 36 ductive condition of land potentially useful and valuable for contributing to the public health, safety  
 37 and welfare; or

38 (i) A loss of population and reduction of proper utilization of the area, resulting in its further  
 39 deterioration and added costs to the taxpayer for the creation of new public facilities and services  
 40 elsewhere.

41 (2) "Certified statement" means the statement prepared and filed pursuant to ORS 457.430 or  
 42 an amendment to the certified statement prepared and filed pursuant to ORS 457.430.

43 (3) "City" means any incorporated city.

44 (4) "Consolidated billing tax rate" means:

45 (a) If the urban renewal plan is an existing urban renewal plan (other than an existing urban

1 renewal plan designated as an Option Three plan under ORS 457.435 (2)(c) or an urban renewal plan  
 2 adopted on or after October 6, 2001, the total of all district tax rates used to extend taxes after any  
 3 adjustment to reflect tax offsets under ORS 310.105, but does not include any rate derived from:

4 (A) Any urban renewal special levy under ORS 457.435;

5 (B) A local option **property** tax, as defined in ORS 280.040, that is approved by taxing district  
 6 electors after October 6, 2001; or

7 (C) A tax pledged to repay exempt bonded indebtedness (other than exempt bonded indebtedness  
 8 used to fund local government pension and disability plan obligations that, until funded by the ex-  
 9 empt bonded indebtedness, were described in section 11 (5), Article XI of the Oregon Constitution),  
 10 as defined in ORS 310.140, that is approved by taxing district electors after October 6, 2001; and

11 (b) In the case of all other urban renewal plans, the total of all district ad valorem property tax  
 12 rates used to extend taxes after any adjustments to reflect tax offsets under ORS 310.105, except  
 13 that “consolidated billing tax rate” does not include any urban renewal special levy rate under ORS  
 14 457.435.

15 (5)(a) “Existing urban renewal plan” means an urban renewal plan that provides for a division  
 16 of ad valorem property taxes as described under ORS 457.420 to 457.460 adopted by ordinance before  
 17 December 6, 1996, that:

18 (A) Except for an amendment made on account of ORS 457.190 (3) and subject to paragraph (b)  
 19 of this subsection, is not changed by substantial amendment, as described in ORS 457.085 (2)(i)(A)  
 20 or (B), on or after December 6, 1996; and

21 (B) For tax years beginning on or after July 1, 1998, includes the limit on indebtedness as de-  
 22 scribed in ORS 457.190 (3).

23 (b) If, on or after July 1, 1998, the maximum limit on indebtedness (adopted by ordinance before  
 24 July 1, 1998, pursuant to ORS 457.190) of an existing urban renewal plan is changed by substantial  
 25 amendment, then “indebtedness issued or incurred to carry out the existing urban renewal plan” for  
 26 purposes of ORS 457.435 includes only the indebtedness within the indebtedness limit adopted by  
 27 ordinance under ORS 457.190 (3)(c) before July 1, 1998.

28 (6) “Fiscal year” means the fiscal year commencing on July 1 and closing on June 30.

29 (7) “Governing body of a municipality” means, in the case of a city, the common council or other  
 30 legislative body thereof, and, in the case of a county, the board of county commissioners or other  
 31 legislative body thereof.

32 (8) “Housing authority” or “authority” means any housing authority established pursuant to the  
 33 Housing Authorities Law.

34 (9) “Increment” means that part of the assessed value of a taxing district attributable to any  
 35 increase in the assessed value of the property located in an urban renewal area, or portion thereof,  
 36 over the assessed value specified in the certified statement.

37 (10) “Maximum indebtedness” means the amount of the principal of indebtedness included in a  
 38 plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance  
 39 existing indebtedness.

40 (11) “Municipality” means any county or any city in this state. “The municipality” means the  
 41 municipality for which a particular urban renewal agency is created.

42 (12) “Taxing body” or “taxing district” means the state, city, county or any other taxing unit  
 43 which has the power to levy a tax.

44 (13) “Urban renewal agency” or “agency” means an urban renewal agency created under ORS  
 45 457.035 and 457.045.

1 (14) "Urban renewal area" means a blighted area included in an urban renewal plan or an area  
2 included in an urban renewal plan under ORS 457.160.

3 (15) "Urban renewal project" or "project" means any work or undertaking carried out under  
4 ORS 457.170 in an urban renewal area.

5 (16) "Urban renewal plan" or "plan" means a plan, as it exists or is changed or modified from  
6 time to time for one or more urban renewal areas, as provided in ORS 457.085, 457.095, 457.105,  
7 457.115, 457.120, 457.125, 457.135 and 457.220.

8 **SECTION 30. This 2007 Act takes effect on the 91st day after the date on which the**  
9 **regular session of the Seventy-fourth Legislative Assembly adjourns sine die.**

10