

# Senate Bill 28

Sponsored by Senator SCHRADER

## 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**.

Requires urban renewal districts to include school capital construction and improvement projects in certain urban renewal plans. Authorizes urban renewal districts to utilize tax increment attributable to school district taxes on school capital construction and improvements.

Applies to urban renewal plans adopted or substantially amended after July 1, 2007.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to school capital projects in urban renewal districts; creating new provisions; amending  
3 ORS 457.085, 457.170 and 457.440; and prescribing an effective date.

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

5 **SECTION 1.** ORS 457.085 is amended to read:

6 457.085. (1) An urban renewal agency shall provide for public involvement in all stages in the  
7 development of an urban renewal plan.

8 (2) An urban renewal plan proposed by an urban renewal agency shall include all of the fol-  
9 lowing:

10 (a) A description of each urban renewal project to be undertaken.

11 (b) An outline for the development, redevelopment, improvements, land acquisition, demolition  
12 and removal of structures, clearance, rehabilitation or conservation of the urban renewal areas of  
13 the plan.

14 (c) A map and legal description of the urban renewal areas of the plan.

15 (d) An explanation of its relationship to definite local objectives regarding appropriate land uses  
16 and improved traffic, public transportation, public utilities, telecommunications utilities, recreational  
17 and community facilities and other public improvements.

18 (e) An indication of proposed land uses, maximum densities and building requirements for each  
19 urban renewal area.

20 (f) A description of the methods to be used for the temporary or permanent relocation of persons  
21 living in, and businesses situated in, the urban renewal area of the plan.

22 (g) An indication of which real property may be acquired and the anticipated disposition of said  
23 real property, whether by retention, resale, lease or other legal use, together with an estimated time  
24 schedule for such acquisition and disposition.

25 (h) If the plan provides for a division of ad valorem taxes under ORS 457.420 to 457.460[.];

26 **(A)** The maximum amount of indebtedness that can be issued or incurred under the plan[.]; **and**

27 **(B) An outline of school capital construction or improvements anticipated as part of the**  
28 **plan.**

29 (i) A description of what types of possible future amendments to the plan are substantial  
30 amendments and require the same notice, hearing and approval procedure required of the original

**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 plan under ORS 457.095 as provided in ORS 457.220, including but not limited to amendments:

2 (A) Adding land to the urban renewal area, except for an addition of land that totals not more  
3 than one percent of the existing area of the urban renewal area.

4 (B) Increasing the maximum amount of indebtedness that can be issued or incurred under the  
5 plan.

6 (j) For a project which includes a public building, an explanation of how the building serves or  
7 benefits the urban renewal area.

8 (3) An urban renewal plan shall be accompanied by a report which shall contain:

9 (a) A description of physical, social and economic conditions in the urban renewal areas of the  
10 plan and the expected impact, including the fiscal impact, of the plan in light of added services or  
11 increased population;

12 (b) Reasons for selection of each urban renewal area in the plan;

13 (c) The relationship between each project to be undertaken under the plan and the existing  
14 conditions in the urban renewal area;

15 (d) The estimated total cost of each project and the sources of moneys to pay such costs;

16 (e) The anticipated completion date for each project;

17 (f) The estimated amount of money required in each urban renewal area under ORS 457.420 to  
18 457.460 and the anticipated year in which indebtedness will be retired or otherwise provided for  
19 under ORS 457.420 to 457.460;

20 (g) A financial analysis of the plan with sufficient information to determine feasibility;

21 (h) A fiscal impact statement that estimates the impact of the tax increment financing, both until  
22 and after the indebtedness is repaid, upon all entities levying taxes upon property in the urban re-  
23 newal area; and

24 (i) A relocation report which shall include:

25 (A) An analysis of existing residents or businesses required to relocate permanently or tempo-  
26 rarily as a result of agency actions under ORS 457.170;

27 (B) A description of the methods to be used for the temporary or permanent relocation of per-  
28 sons living in, and businesses situated in, the urban renewal area in accordance with ORS 35.500  
29 to 35.530; and

30 (C) An enumeration, by cost range, of the existing housing units in the urban renewal areas of  
31 the plan to be destroyed or altered and new units to be added.

32 (4) An urban renewal plan and accompanying report shall be forwarded to the planning com-  
33 mission of the municipality for recommendations, prior to presenting the plan to the governing body  
34 of the municipality for approval under ORS 457.095.

35 (5) An urban renewal plan and accompanying report shall be forwarded to the governing body  
36 of each taxing district affected by the urban renewal plan and the agency shall consult and confer  
37 with the taxing districts prior to presenting the plan to the governing body of the municipality for  
38 approval under ORS 457.095. Any written recommendations of the governing body of each taxing  
39 district shall be accepted, rejected or modified by the governing body of the municipality in adopting  
40 the plan.

41 (6) No urban renewal plan shall be carried out until the plan has been approved by the gov-  
42 erning body of each municipality pursuant to ORS 457.095 and 457.105.

43 **SECTION 2.** ORS 457.170 is amended to read:

44 457.170. An urban renewal agency may plan or undertake any urban renewal project to carry  
45 out an approved urban renewal plan. In planning or undertaking an urban renewal project, the

1 urban renewal agency has the power:

2 (1) To carry out any work or undertaking and exercise any powers which a housing authority  
 3 is authorized to perform or exercise under ORS 456.055 to 456.235, subject to the provisions of this  
 4 chapter provided, however, that ORS 456.155 and 456.160 do not limit the power of an agency in  
 5 event of a default by a purchaser or lessee of land in an urban renewal plan to acquire property  
 6 and operate it free from the restrictions in those sections.

7 (2) To carry out any rehabilitation or conservation work in an urban renewal area.

8 (3) To acquire real property, by condemnation if necessary, when needed to carry out the plan.

9 (4) To clear any areas acquired, including the demolition, removal or rehabilitation of buildings  
 10 and improvements.

11 (5) To install, construct or reconstruct streets, utilities and site improvements in accordance  
 12 with the urban renewal plan.

13 (6) To carry out plans for a program of the voluntary repair and rehabilitation of buildings or  
 14 other improvements in an urban renewal area in accordance with the urban renewal plan.

15 (7) To assist in relocating persons living in, and property situated in, the urban renewal area  
 16 in accordance with the approved urban renewal plan and to make relocation payments.

17 (8) To dispose of, including by sale or lease, any property or part thereof acquired in the urban  
 18 renewal area in accordance with the approved urban renewal plan.

19 (9) To plan, undertake and carry out neighborhood development programs consisting of urban  
 20 renewal project undertakings in one or more urban renewal areas which are planned and carried  
 21 out on the basis of annual increments in accordance with the provisions of this chapter for planning  
 22 and carrying out urban renewal plans.

23 **(10) To enter into an intergovernmental agreement with any school district within the**  
 24 **urban renewal district for:**

25 **(a) School capital construction or improvement projects in accordance with the approved**  
 26 **urban renewal plan; or**

27 **(b) The administration of the special urban renewal agency fund for school capital con-**  
 28 **struction or improvement projects under ORS 457.440.**

29 [(10)] (11) To accomplish a combination of the things listed in this section to carry out an urban  
 30 renewal plan.

31 **SECTION 3.** ORS 457.440 is amended to read:

32 457.440. During the period specified under ORS 457.450:

33 (1) The county assessor shall determine the amount of funds to be raised each year for urban  
 34 renewal within the county levied by taxing districts in accordance with section 1c, Article IX of the  
 35 Oregon Constitution, and ORS 457.420 to 457.460.

36 (2) Not later than July 15 of each tax year, each urban renewal agency shall determine and file  
 37 with the county assessor a notice stating the amount of funds to be raised for each urban renewal  
 38 area as follows:

39 (a) If the municipality that activated the urban renewal agency has chosen Option One as pro-  
 40 vided in ORS 457.435 (2)(a), the notice shall state that the maximum amount of funds that may be  
 41 raised by dividing the taxes under section 1c, Article IX of the Oregon Constitution, shall be raised  
 42 for the agency.

43 (b) If the municipality that activated the urban renewal agency has chosen Option Two as pro-  
 44 vided in ORS 457.435 (2)(b), the notice shall state the amount of funds to be raised by the special  
 45 levy.

1 (c) If the municipality that activated the urban renewal agency has chosen Option Three as  
2 provided in ORS 457.435 (2)(c), the notice shall state the amount of funds to be raised by special levy  
3 in addition to the amount to be raised by dividing the taxes as stated in the ordinance adopted under  
4 ORS 457.435 (1).

5 (d) If the plan is not an existing plan, the notice shall state that the maximum amount of funds  
6 that may be raised by dividing the taxes under section 1c, Article IX of the Oregon Constitution,  
7 shall be raised for the agency.

8 (3) If a municipality has chosen Option Three pursuant to ORS 457.435, the maximum amount  
9 of funds that may be raised for an urban renewal agency by dividing the taxes as provided in section  
10 1c, Article IX of the Oregon Constitution, may be limited by the municipality in which the urban  
11 renewal agency is located. The decision of the municipality to limit the amount of funds to be in-  
12 cluded in the notice filed under subsection (2) of this section shall be reflected in the certified  
13 statement filed by the urban renewal agency with the county assessor.

14 (4) Not later than September 25 of each tax year, the assessor of any county in which a joint  
15 district is located shall provide, to the assessor of each other county in which the joint district is  
16 located, the assessed values of the property in the joint district that is located within the county,  
17 including the certified statement value and the increment for each code area containing any urban  
18 renewal area located within the joint district, and a copy of the notice filed by the urban renewal  
19 agency for the area located within the joint district under subsection (2) of this section.

20 (5) The maximum amount of funds that may be raised for an urban renewal plan by dividing the  
21 taxes as provided in section 1c, Article IX of the Oregon Constitution, shall be computed by the  
22 county assessor as follows:

23 (a) The county assessor shall compute the total consolidated billing tax rate for each code area  
24 in which an urban renewal area of the plan is located.

25 (b) The assessor shall determine the amount of taxes that would be produced by extending the  
26 tax rate computed under paragraph (a) of this subsection against the increment of each code area.

27 (c) The total amount determined for all code areas containing urban renewal areas included  
28 within the urban renewal plan is the maximum amount of funds to be raised for the urban renewal  
29 plan by dividing the taxes.

30 (6)(a) The maximum amount of funds that may be raised for an urban renewal agency as deter-  
31 mined under subsection (5) of this section, or the maximum amount, as determined under subsection  
32 (2) of this section, shall be certified by the county assessor to the tax collector. The tax collector  
33 shall include the amount so certified in the percentage schedule of the ratio of taxes on property  
34 prepared under ORS 311.390 and filed with the county treasurer. Notwithstanding ORS 311.395 (6),  
35 the county treasurer shall credit the amount to the urban renewal agency and shall distribute its  
36 percentage amount to the urban renewal agency as determined by the schedule at the times other  
37 distributions are made under ORS 311.395 (7).

38 (b) The county assessor shall notify the urban renewal agency of the amounts received under  
39 subsection (5) of this section or amounts received pursuant to the notice provided in subsection (2)  
40 of this section for each urban renewal plan area. Any amounts received by the urban renewal  
41 agency under paragraph (a) of this subsection shall be attributed to the urban renewal plan in which  
42 the urban renewal area is included, shall be paid into a special fund of the urban renewal agency  
43 for the urban renewal plan and shall be used to pay the principal and interest on any indebtedness  
44 issued or incurred by the urban renewal agency to finance or refinance the urban renewal plan,  
45 **except that the increment for school districts within the urban renewal district shall be paid**

1 **into a special fund of the urban renewal agency for school capital construction or improve-**  
2 **ment projects and shall be used to pay the principal and interest on any indebtedness issued**  
3 **or incurred to finance or refinance school capital construction or improvement projects in**  
4 **compliance with the urban renewal plan.**

5 (7) Unless and until the total assessed value of the taxable property in an urban renewal area  
6 exceeds the total assessed value specified in the certified statement, all of the ad valorem taxes  
7 levied and collected upon the taxable property in the urban renewal area shall be paid into the  
8 funds of the respective taxing districts.

9 (8) The agency may incur indebtedness, including obtaining loans and advances in carrying out  
10 the urban renewal plan, and the portion of taxes received under this section may be irrevocably  
11 pledged for the payment of principal of and interest on the indebtedness.

12 (9) The Department of Revenue shall by rule establish procedures for giving notice of amounts  
13 to be raised for urban renewal agencies and for determination of amounts to be raised and distrib-  
14 uted to urban renewal agencies.

15 (10) The notice required under this section shall serve as the notice required under ORS 310.060  
16 for the special levy described under ORS 457.435.

17 **SECTION 4.** ORS 457.440, as amended by section 17, chapter 190, Oregon Laws 2003, is  
18 amended to read:

19 457.440. During the period specified under ORS 457.450:

20 (1) The county assessor shall determine the amount of funds to be raised each year for urban  
21 renewal within the county levied by taxing districts in accordance with section 1c, Article IX of the  
22 Oregon Constitution, and ORS 457.420 to 457.460.

23 (2) Not later than July 15 of each tax year, each urban renewal agency shall determine and file  
24 with the county assessor a notice stating the amount of funds to be raised for each urban renewal  
25 area as follows:

26 (a) If the municipality that activated the urban renewal agency has chosen Option One as pro-  
27 vided in ORS 457.435 (2)(a), the notice shall state that the maximum amount of funds that may be  
28 raised by dividing the taxes under section 1c, Article IX of the Oregon Constitution, shall be raised  
29 for the agency.

30 (b) If the municipality that activated the urban renewal agency has chosen Option Two as pro-  
31 vided in ORS 457.435 (2)(b), the notice shall state the amount of funds to be raised by the special  
32 levy.

33 (c) If the municipality that activated the urban renewal agency has chosen Option Three as  
34 provided in ORS 457.435 (2)(c), the notice shall state the amount of funds to be raised by special levy  
35 in addition to the amount to be raised by dividing the taxes as stated in the ordinance adopted under  
36 ORS 457.435 (1).

37 (d) If the plan is not an existing plan, the notice shall state that the maximum amount of funds  
38 that may be raised by dividing the taxes under section 1c, Article IX of the Oregon Constitution,  
39 shall be raised for the agency.

40 (3) If a municipality has chosen Option Three pursuant to ORS 457.435, the maximum amount  
41 of funds that may be raised for an urban renewal agency by dividing the taxes as provided in section  
42 1c, Article IX of the Oregon Constitution, may be limited by the municipality in which the urban  
43 renewal agency is located. The decision of the municipality to limit the amount of funds to be in-  
44 cluded in the notice filed under subsection (2) of this section shall be reflected in the certified  
45 statement filed by the urban renewal agency with the county assessor.

1 (4) Not later than September 25 of each tax year, the assessor of any county in which a joint  
2 district is located shall provide, to the assessor of each other county in which the joint district is  
3 located, the assessed values of the property in the joint district that is located within the county,  
4 including the certified statement value and the increment for each code area containing any urban  
5 renewal area located within the joint district, and a copy of the notice filed by the urban renewal  
6 agency for the area located within the joint district under subsection (2) of this section.

7 (5) The maximum amount of funds that may be raised for an urban renewal plan by dividing the  
8 taxes as provided in section 1c, Article IX of the Oregon Constitution, shall be computed by the  
9 county assessor as follows:

10 (a) The county assessor shall compute the total consolidated billing tax rate for each code area  
11 in which an urban renewal area of the plan is located.

12 (b) The assessor shall determine the amount of taxes that would be produced by extending the  
13 tax rate computed under paragraph (a) of this subsection against the increment of each code area.

14 (c) The total amount determined for all code areas containing urban renewal areas included  
15 within the urban renewal plan is the maximum amount of funds to be raised for the urban renewal  
16 plan by dividing the taxes.

17 (6)(a) The maximum amount of funds that may be raised for an urban renewal agency as deter-  
18 mined under subsection (5) of this section, or the maximum amount, as determined under subsection  
19 (2) of this section, shall be certified by the county assessor to the tax collector. The tax collector  
20 shall include the amount so certified in the percentage schedule of the ratio of taxes on property  
21 prepared under ORS 311.390 and filed with the county treasurer. Notwithstanding ORS 311.395 (5),  
22 the county treasurer shall credit the amount to the urban renewal agency and shall distribute its  
23 percentage amount to the urban renewal agency as determined by the schedule at the times other  
24 distributions are made under ORS 311.395 (6).

25 (b) The county assessor shall notify the urban renewal agency of the amounts received under  
26 subsection (5) of this section or amounts received pursuant to the notice provided in subsection (2)  
27 of this section for each urban renewal plan area. Any amounts received by the urban renewal  
28 agency under paragraph (a) of this subsection shall be attributed to the urban renewal plan in which  
29 the urban renewal area is included, shall be paid into a special fund of the urban renewal agency  
30 for the urban renewal plan and shall be used to pay the principal and interest on any indebtedness  
31 issued or incurred by the urban renewal agency to finance or refinance the urban renewal plan,  
32 **except that any amounts received by the urban renewal agency that are attributable to the**  
33 **increment for school districts within the urban renewal district shall be paid into a special**  
34 **fund of the urban renewal agency for school capital construction or improvement projects**  
35 **and shall be used to pay the principal and interest on any indebtedness issued or incurred**  
36 **to finance or refinance school capital construction or improvement projects.**

37 (7) Unless and until the total assessed value of the taxable property in an urban renewal area  
38 exceeds the total assessed value specified in the certified statement, all of the ad valorem taxes  
39 levied and collected upon the taxable property in the urban renewal area shall be paid into the  
40 funds of the respective taxing districts.

41 (8) The agency may incur indebtedness, including obtaining loans and advances in carrying out  
42 the urban renewal plan, and the portion of taxes received under this section may be irrevocably  
43 pledged for the payment of principal of and interest on the indebtedness.

44 (9) The Department of Revenue shall by rule establish procedures for giving notice of amounts  
45 to be raised for urban renewal agencies and for determination of amounts to be raised and distrib-

1   uted to urban renewal agencies.

2       (10) The notice required under this section shall serve as the notice required under ORS 310.060  
3 for the special levy described under ORS 457.435.

4       **SECTION 5. The amendments to ORS 457.085, 457.170 and 457.440 by sections 1 to 3 of this**  
5 **2007 Act apply to urban renewal plans adopted or substantially amended after July 1, 2007.**

6       **SECTION 6. The amendments to ORS 457.440 by section 4 of this 2007 Act apply to urban**  
7 **renewal plans adopted or substantially amended on or after July 1, 2008.**

8       **SECTION 7. This 2007 Act takes effect on the 91st day after the date on which the reg-**  
9 **ular session of the Seventy-fourth Legislative Assembly adjourns sine die.**

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