

B-Engrossed
Senate Bill 808

Ordered by the House June 18
Including Senate Amendments dated May 14 and House Amendments
dated June 18

Sponsored by Senator JOHNSON (at the request of Multnomah County Tax Supervising and Conservation Commission)

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.

Permits municipal corporation to include amount necessary to pay principal and interest on bonded indebtedness in estimation of ad valorem taxation revenues for budget period. Requires taxing district to provide copy of budget to tax supervising and conservation commission in certain circumstances. Applies to tax years beginning on or after July 1, 2007.

Authorizes Douglas and Lane Counties to expend forest reserve moneys received from federal government for patrolling county roads by county law enforcement officials. Sunsets January 2, 2014.

Authorizes mass transit districts to enter into transactions for supply or delivery of electricity or diesel fuel on economic, dependable and cost-effective basis.

Takes effect on 91st day after adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to local budgets; creating new provisions; amending ORS 294.381 and 310.060; and pre-
3 scribing an effective date.

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

5 **SECTION 1.** ORS 294.381 is amended to read:

6 294.381. (1) Each municipal corporation that has the power to levy an ad valorem property tax
7 shall estimate, in the manner provided in this section, the amount of revenues that will be received
8 in the ensuing year or ensuing budget period through the imposition of taxes upon the taxable
9 property within the municipal corporation.

10 (2) Subject to the additional adjustments required under subsection (3) of this section, the esti-
11 mated ad valorem taxes that will be received in the ensuing year or ensuing budget period [*is the*
12 *sum of*] **shall not exceed** the following:

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

18 (A) The municipal corporation's permanent rate limit on operating taxes, as defined in ORS
19 310.202 (7)[, *or such lesser rate as the municipal corporation may determine to use for purposes of*
20 *levying such ad valorem taxes*]; or

21 (B) The municipal corporation's statutory rate limit on operating taxes, as defined in ORS
22 310.202 (10)[, *or such lesser rate as the municipal corporation may determine to use for purposes of*

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 *levying such ad valorem taxes*].

2 (b) If the municipal corporation is authorized to levy a local option tax that was authorized by
3 the electors as a dollar amount, the dollar amount of such local option tax that is authorized to be
4 levied in the ensuing year or ensuing budget period.

5 (c) If the municipal corporation is authorized to levy a local option tax that was authorized by
6 the electors as a tax rate, the amount derived by multiplying the authorized rate of such local option
7 tax for the ensuing year or ensuing budget period by the estimated assessed value for the ensuing
8 year or each fiscal year of the ensuing budget period of the taxable property within the municipal
9 corporation.

10 (d) The municipal corporation's estimate of the amount required to pay the principal and inter-
11 est on **bonded indebtedness that is not subject to limitation under section 11 (11) or section**
12 **11b, Article XI of the Oregon Constitution** [*the amounts described in ORS 310.060 (2)(d) and (e),*
13 *divided by the annual average percentage of taxes collected in the county in which the taxable property*
14 *of the municipal corporation is located*]. **The estimate may include an amount equal to the total**
15 **of any such payments that are due and payable in the fiscal period following the fiscal period**
16 **for which the budget is being prepared and before a sufficient amount of property taxes to**
17 **pay that bonded indebtedness are collected in that fiscal period, pursuant to ORS 294.371.** The
18 estimate may **also** include amounts to reimburse the municipal corporation for the payment of
19 principal and interest on exempt bonded indebtedness that the municipal corporation made from
20 other moneys because collections of taxes levied for exempt bonded indebtedness were not sufficient
21 to pay that exempt bonded indebtedness.

22 (e) **The municipal corporation's estimate of the amount required to repay taxing district**
23 **bond obligations or pension and disability plan obligations described in section 11 (5), Article**
24 **XI of the Oregon Constitution.**

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

28 (a) The discounts allowed under ORS 311.505;

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

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

31 (4)(a) The estimated ad valorem taxes determined in accordance with [*subsections (2) and (3)*]
32 **subsection (2)(a), (b) and (c) of this section, prior to adjustment by subsection (3) of this sec-**
33 **tion,** shall be used by the municipal corporation for purposes of complying with the requirements
34 of ORS 310.060 (1).

35 (b) **The amounts determined under subsection (2)(d) and (e) of this section shall, for**
36 **purposes of complying with the requirements of ORS 310.060 (1), be increased by an amount**
37 **equal to the estimated amount of taxes that will not be collected as a result of:**

38 (A) **The discounts allowed under ORS 311.505;**

39 (B) **The limits imposed under ORS 310.150 (3); or**

40 (C) **The failure of taxpayers to pay taxes in the year for which they are levied.**

41 **SECTION 2.** ORS 310.060 is amended to read:

42 310.060. (1) Not later than July 15 of each year, every city, school district or other public cor-
43 poration authorized to levy or impose a tax on property shall file a written notice certifying the ad
44 valorem property tax rate or the estimated amount of ad valorem property taxes to be imposed by
45 the taxing district and any other taxes on property imposed by the taxing district on property sub-

1 ject to ad valorem property taxation that are required or authorized to be placed on the assessment
2 and tax roll for the current fiscal year. The notice shall be accompanied by two copies of a lawfully
3 adopted ordinance or resolution that categorizes the tax, fee, charge, assessment or toll as subject
4 to or not subject to the limits of section 11b, Article XI of the Oregon Constitution, identified by the
5 categories set forth in ORS 310.150.

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

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

11 (b) The total rate or amount of the taxing district's local option taxes imposed pursuant to ORS
12 280.040 to 280.145 that have a term of five years or less and that are not for capital projects;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

45 (7)(a) Not later than July 15 of each year, the taxing district shall give the notice and documents

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

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

11 **(c) If the taxing district is subject to the jurisdiction of a tax supervising and conserva-**
12 **tion commission under ORS 294.625, then the taxing district shall submit a copy of its budget**
13 **to the tax supervising and conservation commission in lieu of filing a copy of the budget with**
14 **the county clerk of the county under paragraph (a) of this subsection or with the county**
15 **assessor of the county under paragraph (b) of this subsection.**

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

21 (9) For good and sufficient reason, the county assessor may extend the time for the giving of the
22 notice or correcting an erroneous certification for the current year up to but not later than October
23 1 as the county assessor considers reasonable.

24 **SECTION 3. The amendments to ORS 294.381 and 310.060 by sections 1 and 2 of this 2007**
25 **Act apply to tax years beginning on or after July 1, 2007.**

26 **SECTION 4. (1) Notwithstanding ORS 294.060 and 368.705, moneys described in ORS**
27 **294.060 (1) that are received by Douglas County and deposited into its road fund may be ex-**
28 **pended for the patrolling of Douglas County roads by Douglas County law enforcement offi-**
29 **cial.**

30 **(2) Notwithstanding ORS 294.060 and 368.705, moneys described in ORS 294.060 (1) that**
31 **are received by Lane County and deposited into its road fund may be expended for the pa-**
32 **trolling of Lane County roads by Lane County law enforcement officials.**

33 **(3) This section is repealed on January 2, 2014.**

34 **(4) This section applies to moneys described in subsections (1) and (2) of this section that**
35 **are received before, on or after the effective date of this 2007 Act.**

36 **SECTION 5. Section 6 of this 2007 Act is added to and made a part of ORS chapter 267.**

37 **SECTION 6. (1) A mass transit district may enter into transactions with persons or en-**
38 **tities for the supply or delivery of electricity or diesel fuel on an economic, dependable and**
39 **cost-effective basis, including transactions involving financial products contracts and agree-**
40 **ments for exchange of fixed and variable pricing agreements and other service contracts that**
41 **reduce the risk of economic losses in transactions for the supply or delivery of electricity**
42 **or diesel fuel.**

43 **(2) Notwithstanding subsection (1) of this section, a mass transit district may not enter**
44 **into a transaction for the supply or delivery of electricity or diesel fuel that:**

45 **(a) Constitutes the investment of surplus funds for the purpose of receiving interest or**

1 **other earnings from the investment; or**

2 **(b) Is for any purpose other than the supply or delivery of electricity or diesel fuel on a**
3 **cost-effective basis.**

4 **SECTION 7. Section 6 of this 2007 Act applies to transactions entered into on or after the**
5 **effective date of this 2007 Act.**

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

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