75th OREGON LEGISLATIVE ASSEMBLY - 2009 Regular Session **MEASURE: HB 2809**
STAFF MEASURE SUMMARY **CARRIER:**
House Committee on Sustainability & Economic Development

REVENUE: Revenue statement issued
FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass and Be Referred to the Committee on Revenue by prior reference
Vote:	6 - 0 - 2
Yeas:	Bailey, Bentz, Galizio, Gilliam, Holvey, Witt
Nays:	0
Exc.:	Thatcher, Read
Prepared By:	Barbara Allen, Administrator
Meeting Dates:	3/17, 3/19

WHAT THE MEASURE DOES: Allows two municipalities who adopted urban renewal plans prior to December 5, 1996 but were prevented by voters from adopting a maximum indebtedness, to change the way tax increment revenues are calculated by county assessors. Enables the affected cities to irrevocably convert an urban renewal plan from "standard rate" plan to "reduced rate plan" for consolidated billing tax rate purposes. Reduced rate plans have no impact on General Obligation Bond or Local Option Levies approved after October 6, 2001.

ISSUES DISCUSSED:
- Ability of two Oregon communities to voluntarily convert their urban renewal plan from a standard rate to a reduced rate for consolidated billing tax rate purposes
- Importance of retaining local control in the decision-making process

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Urban renewal is used by cities and counties to improve distressed areas and to create jobs. Urban renewal uses tax increment financing to support the projects. Tax increment financing uses gains in property tax revenues to finance the improvements that will create those gains. When a public improvement project is carried out there is often new investment in the area and an increase in value of the surrounding real estate. The increased value generates increased tax revenues. The increased tax revenues are the "tax increment revenues" which finance the debt issued to pay for the project.

The amount of property taxes an urban renewal plan receives is calculated by the county assessor by applying a consolidated billing rate to the growth in assessed value in the urban renewal area. In Oregon, there are two different ways to define the consolidated billing rate: one includes property tax rates for general obligation bonds and local option levies (standard rate) approved after October 6, 2001 and the other excludes such tax rates (reduced rate). Most, but not all, urban renewal plans adopted before December 6, 1996 and all urban renewal plans adopted after October 5, 2001 use the reduced rate. This bill gives the two municipalities that still use the standard rate the option of switching to the reduced rate.