

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
75th Oregon Legislative Assembly  
2009 Regular Session  
Legislative Revenue Office

**Bill Number:** HB 2809  
**Revenue Area:** Property Taxes  
**Economist:** Dae Baek  
**Date:** March 18, 2009

**Measure Description:** Allows certain municipalities to irrevocably convert urban renewal plan from standard rate plan to reduced rate plan for consolidated billing rate purposes.

**Revenue Impact (in \$Millions):** None

**Impact Explanation:** There is no direct revenue impact because this bill simply offers an option for municipalities to convert urban renewal plan from standard rate plan to reduced rate plan for consolidated billing rate purposes.

The amount of property taxes an urban renewal plan receives is calculated by the county assessor by applying the consolidated billing rate to the growth in assessed value in the urban renewal area (excess value). There are two different ways to define the consolidated billing rate (ORS 457.010(4)) - (1) standard rate plan includes property tax rates for general obligation bonds and local option levies approved by voters after October 6, 2001, and (2) reduced rate plan excludes such tax rates (reduced rate). Currently two municipalities, the City of The Dalles and the City of Lake Oswego, are under standard rate plan.

When a municipality with standard rate plan opts to convert to reduced rate plan, the consolidated billing rate will either go down or stay the same depending on whether the municipality approved general obligation bonds and/or local option levies after October 6, 2001. For example, in case of the City of The Dalles Columbia Gateway Urban Renewal Plan, a bond levy was approved for Columbia Gorge Community College and the FY 2007-08 rate for that bond was \$0.4022 per \$1,000 assessed value. If the City opts to convert to reduced rate plan, this bond rate will not be used for urban renewal plan and the taxpayers are expected to save about \$22,700 a year based on the excess value of \$56,349,803.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No