

A-Engrossed
House Bill 3056

Ordered by the House May 4
Including House Amendments dated May 4

Sponsored by Representatives HUNT, HOLVEY

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.

[Requires 50 percent of increment to be added to total assessed value of property within urban renewal area whenever increment equals total assessed value.]

Sets initial maximum indebtedness for specified urban renewal plans.

Increases, on July 1 of each year, beginning in 2010, allowable amount of initial maximum indebtedness for plans that are not large metropolitan plans by use of specified index and for large metropolitan plans by use of change in average construction costs.

Allows urban renewal agency to amend certain plans to increase maximum indebtedness.

Allows urban renewal agency and entity authorized to exercise powers of urban renewal agency to limit collection of taxes under specified circumstances and according to specified procedures.

Allows urban renewal agency to notify assessor to collect maximum division of taxes for newly approved urban renewal plans and substantially amended plans, including certain plans classifiable as large metropolitan plans. Creates exceptions.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to urban renewal; creating new provisions; amending ORS 457.190, 457.220, 457.420, 457.440,
3 457.450 and 457.460; and declaring an emergency.

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

5 **SECTION 1.** ORS 457.190 is amended to read:

6 457.190. (1) An urban renewal agency may borrow money and accept advances, loans, grants and
7 any other form of financial assistance from the federal government, the state, county or other public
8 body, or from any sources, public or private, for the purposes of undertaking and carrying out urban
9 renewal projects.

10 (2) An urban renewal agency may do all things necessary or desirable to secure such financial
11 aid, including obligating itself in any contract with the federal government for federal financial aid
12 to convey to the federal government the project to which the contract relates upon the occurrence
13 of a substantial default thereunder, in the same manner as a housing authority may do to secure
14 such aid in connection with blighted area clearance and housing projects under the Housing Au-
15 thorities Law.

16 (3)(a) Each urban renewal plan adopted by ordinance on or after July 14, 1997, that provides for
17 a division of taxes pursuant to ORS 457.440 shall include in the plan the maximum amount of
18 indebtedness that may be issued or incurred under the plan. Notwithstanding subsection (1) of this
19 section, if a maximum amount of indebtedness is not included in the plan, the urban renewal agency
20 may not issue indebtedness for which taxes divided under ORS 457.440 are to be pledged to carry
21 out the plan.

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 (b) Each urban renewal plan adopted by ordinance on or after December 6, 1996, and before July
 2 14, 1997, that provides for a division of taxes pursuant to ORS 457.440 but does not include a max-
 3 imum amount of indebtedness that may be issued or incurred under the plan shall be changed, by
 4 substantial plan amendment pursuant to ORS 457.220, to include the maximum amount of indebt-
 5 edness that may be issued or incurred under the plan before July 1, 2000. Notwithstanding sub-
 6 section (1) of this section, if a maximum amount of indebtedness is not included in the plan on or
 7 before July 1, 2000, the urban renewal agency may not on or after July 1, 2000, issue indebtedness
 8 for which taxes divided under ORS 457.440 are to be pledged to carry out the plan.

9 (c)(A) Each existing urban renewal plan that provides for a division of taxes pursuant to ORS
 10 457.420 to 457.460 may be changed by substantial amendment no later than July 1, 1998, to include
 11 a maximum amount of indebtedness that may be issued or incurred under the plan determined as
 12 described in subparagraph (B) of this paragraph. The additional notices required under ORS 457.120
 13 are not required for an amendment adopted pursuant to this paragraph.

14 (B) The maximum amount of indebtedness that may be issued or incurred under the plan, as
 15 determined for purposes of meeting the requirements of this paragraph, shall be based upon good
 16 faith estimates of the scope and costs of projects, including but not limited to increases in costs due
 17 to reasonably anticipated inflation, in the existing urban renewal plan and the schedule for their
 18 completion as completion dates were anticipated as of December 5, 1996. The maximum amount of
 19 indebtedness shall be specified in dollars and cents.

20 (C) Notwithstanding subsection (1) of this section, if a maximum amount of indebtedness is not
 21 adopted for an existing urban renewal plan as described in this paragraph before July 1, 1998, the
 22 urban renewal agency may not collect funds under ORS 457.435.

23 **(4) For an urban renewal plan first approved on or after the effective date of this 2009**
 24 **Act, other than for a large metropolitan plan as defined in section 10 of this 2009 Act, the**
 25 **initial maximum indebtedness that may be issued or incurred under the plan shall be estab-**
 26 **lished as follows:**

27 **(a) If the total assessed value in the certified statement under ORS 457.430 is less than**
 28 **or equal to \$50 million, the initial maximum indebtedness may not exceed \$50 million.**

29 **(b) If the total assessed value in the certified statement is more than \$50 million and less**
 30 **than or equal to \$150 million, the initial maximum indebtedness may not exceed \$50 million**
 31 **plus 50 percent of the total assessed value in the certified statement that is over \$50 million.**

32 **(c) If the total assessed value in the certified statement exceeds \$150 million, the initial**
 33 **maximum indebtedness may not exceed \$100 million, plus 35 percent of the total assessed**
 34 **value in the certified statement that is over \$150 million.**

35 **(d) Beginning July 1, 2010, the dollar limits set forth in this subsection may be increased**
 36 **on July 1 of each year by the index used in the urban renewal report to compute the future**
 37 **costs of projects that will be financed under the plan.**

38 **(e) The limits in this subsection do not apply if the agency obtains concurrence as pro-**
 39 **vided in section 10 of this 2009 Act.**

40 **SECTION 2.** ORS 457.220 is amended to read:

41 457.220. (1) Except for the provisions of [subsection] **subsections (2) and (4)** of this section, an
 42 urban renewal agency shall carry out the urban renewal plan approved under ORS 457.095.

43 (2) Any substantial change made in the urban renewal plan shall, before being carried out, be
 44 approved and recorded in the same manner as the original plan.

45 (3) No land equal to more than 20 percent of the total land area of the original plan shall be

1 added to the urban renewal areas of a plan by amendments.

2 **(4)(a) On or after the effective date of this 2009 Act, the urban renewal agency may**
3 **amend a plan that is not a large metropolitan plan as defined in section 10 of this 2009 Act**
4 **to increase the maximum indebtedness.**

5 **(b) The aggregate of all amendments under this subsection may not exceed 20 percent**
6 **of the plan's initial maximum indebtedness, as adjusted pursuant to paragraph (c) of this**
7 **subsection.**

8 **(c) For purposes of computing the 20 percent limit on increases in maximum indebt-**
9 **edness, the initial maximum indebtedness may be increased annually on the anniversary date**
10 **of initial approval of the plan by the index used in the urban renewal report to compute the**
11 **future costs of projects that will be financed under the plan, beginning on the later of July**
12 **1, 1999, or the first anniversary of plan approval. This increase may be applied only to the**
13 **first amendment to the maximum indebtedness that is made on or after the effective date**
14 **of this 2009 Act.**

15 **(d) The limits in this subsection do not apply if the agency obtains concurrence as pro-**
16 **vided in section 10 of this 2009 Act.**

17 **SECTION 3.** ORS 457.420 is amended to read:

18 457.420. (1) Any urban renewal plan may contain a provision that the ad valorem taxes, if any,
19 levied by a taxing district in which all or a portion of an urban renewal area is located, shall be
20 divided as provided in section 1c, Article IX of the Oregon Constitution, and ORS 457.420 to 457.460.
21 Ad valorem taxes shall not be divided if there is no provision in the urban renewal plan for the di-
22 vision.

23 (2) No plan adopted after October 3, 1979, shall provide for a division of ad valorem taxes under
24 subsection (1) of this section if:

25 (a) For municipalities having a population of more than 50,000, according to the latest state
26 census:

27 (A) The assessed value for the urban renewal areas of the plan, when added to the total assessed
28 value previously certified by the assessor for other urban renewal plans of the municipality for
29 which a division of ad valorem taxes is provided, exceeds a figure equal to 15 percent of the total
30 assessed value of that municipality, exclusive of any increased assessed value for other urban re-
31 newal areas **and without regard to adjustments made pursuant to ORS 457.435 (2)(c) or sec-**
32 **tion 7 or 10 (2) to (5) of this 2009 Act;** or

33 (B) The urban renewal areas of the plan when added to the areas included in other urban re-
34 newal plans of the municipality providing for a division of ad valorem taxes, exceed a figure equal
35 to 15 percent of the total land area of that municipality.

36 (b) For municipalities having a population of less than 50,000, according to the latest state
37 census:

38 (A) The assessed value for the urban renewal areas of the plan, when added to the total assessed
39 value previously certified by the assessor for other urban renewal plans of the municipality for
40 which a division of ad valorem taxes is provided, exceeds a figure equal to 25 percent of the total
41 assessed value of that municipality, exclusive of any increased assessed value for other urban re-
42 newal areas **and without regard to adjustments made pursuant to ORS 457.435 (2)(c) or sec-**
43 **tion 7 or 10 (2) to (5) of this 2009 Act;** or

44 (B) The urban renewal areas of the plan, when added to the areas included in other urban re-
45 newal plans of the municipality providing for a division of ad valorem taxes, exceed a figure equal

1 to 25 percent of the total land area of that municipality.

2 (3) Property may not be included in more than one urban renewal area.

3 **SECTION 4.** ORS 457.440 is amended to read:

4 457.440. During the period specified under ORS 457.450:

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

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

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

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

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

22 **(d) For plans that are first approved or substantially amended to increase maximum**
23 **indebtedness on or after the effective date of this 2009 Act, the notice must comply with**
24 **section 10 of this 2009 Act.**

25 **(e) If the agency limits the amount that may be raised by the division of taxes, as pro-**
26 **vided in section 7 of this 2009 Act, the notice shall comply with section 7 of this 2009 Act.**

27 [(d)] **(f) If the plan is not [an existing plan] described in paragraph (a), (b), (c), (d) or (e) of**
28 **this subsection, the notice shall state [that] the [maximum] amount of funds that may be raised by**
29 **dividing the taxes, which amount may not exceed the maximum amount of funds that may**
30 **be raised by dividing the taxes** under section 1c, Article IX of the Oregon Constitution[, *shall be*
31 *raised for the agency*].

32 (3) If a municipality has chosen Option Three pursuant to ORS 457.435, the maximum amount
33 of funds that may be raised for an urban renewal agency by dividing the taxes as provided in section
34 1c, Article IX of the Oregon Constitution, may be limited by the municipality in which the urban
35 renewal agency is located. The decision of the municipality to limit the amount of funds to be in-
36 cluded in the notice filed under subsection (2) of this section shall be reflected in the certified
37 statement filed by the urban renewal agency with the county assessor.

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

44 (5) The maximum amount of funds that may be raised for an urban renewal plan by dividing the
45 taxes as provided in section 1c, Article IX of the Oregon Constitution, shall be computed by the

1 county assessor as follows:

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

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

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

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

17 (b) The county assessor shall notify the urban renewal agency of the amounts received under
18 subsection (5) of this section or amounts received pursuant to the notice provided in subsection (2)
19 of this section for each urban renewal plan area. Any amounts received by the urban renewal
20 agency under paragraph (a) of this subsection shall be attributed to the urban renewal plan in which
21 the urban renewal area is included, shall be paid into a special fund of the urban renewal agency
22 for the urban renewal plan and shall be used to pay the principal and interest on any indebtedness
23 issued or incurred by the urban renewal agency to finance or refinance the urban renewal plan.

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

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

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

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

36 **(11) Notwithstanding any other provision of this chapter, a city with a population of more**
37 **than 500,000 on the effective date of this 2009 Act may, in lieu of its urban renewal agency,**
38 **take any actions that an urban renewal agency is authorized to take under this section and**
39 **any other actions that are required to certify, collect, receive, hold and apply tax revenues**
40 **raised for the urban renewal agency under section 1c, Article IX of the Oregon Constitution,**
41 **and taxes authorized for the urban renewal agency by section 11 (16), Article XI of the**
42 **Oregon Constitution.**

43 **SECTION 5.** ORS 457.450 is amended to read:

44 457.450. (1)(a) ORS 457.440 shall first apply to the assessment roll next following the tax roll
45 referred to in ORS 457.430 if the assessor is provided notice of a plan adoption or amendment

1 changing area boundaries by the agency prior to January 1 before the tax year to which the plan
2 first applies.

3 (b) If the assessor is not provided notice of plan adoption or amendment changing area bound-
4 aries by the agency prior to January 1 before the tax year to which ORS 457.440 would otherwise
5 first apply, then ORS 457.440 shall first apply to the assessment roll next following the assessment
6 roll described in paragraph (a) of this subsection.

7 (2) When the principal and interest on **the maximum indebtedness of an urban renewal plan**
8 to which the portion of taxes is irrevocably pledged for payment under ORS 457.435 or 457.440 is
9 fully paid, or it is found that deposits in the special fund are sufficient to fully pay principal and
10 interest on *[that]* **the maximum** indebtedness either through direct payment of the indebtedness or
11 by payment of principal and interest on bonds or notes issued to finance the indebtedness, the
12 agency shall notify the assessor of that fact.

13 (3) All moneys remaining unexpended from the special fund provided for in ORS 457.435 or
14 457.440, after payment of all the principal and interest on indebtedness is provided for, shall be
15 turned over to the county treasurer by the agency and prorated by the treasurer back to the taxing
16 districts in which the area, or part thereof, is located, in proportion to the amount of money in the
17 fund attributable to each taxing district for the last fiscal year in which tax levy moneys were paid
18 into the special fund of the agency under ORS 457.435 or 457.440.

19 **SECTION 6. Section 7 of this 2009 Act is added to and made a part of ORS chapter 457.**

20 **SECTION 7. (1) If the maximum amount of funds under ORS 457.440 is not required to**
21 **pay the principal and interest on indebtedness incurred for an urban renewal plan, the urban**
22 **renewal agency may take formal action to limit collections under a plan for a single fiscal**
23 **year, and may notify the county assessor pursuant to ORS 457.440 (2)(e) to compute the di-**
24 **vision of taxes for the urban renewal area using an assessed value that is equal to the**
25 **amount specified by the agency. The agency may not specify an amount that is greater than**
26 **the increment.**

27 **(2) If the maximum amount of funds under ORS 457.440 is not required to pay the prin-**
28 **cipal and interest on indebtedness incurred for an urban renewal plan, the entity authorized**
29 **to exercise the powers of an urban renewal agency pursuant to ORS 457.045 may limit future**
30 **collections under a plan by notifying the county assessor to permanently increase the**
31 **amount of the total assessed value included in the certified statement filed under ORS**
32 **457.430. The assessed value included in the certified statement may not be subsequently de-**
33 **creased except in connection with boundary changes.**

34 **(3) Before taking formal action under this section, the urban renewal agency shall con-**
35 **sult and confer with each taxing district affected by the urban renewal plan.**

36 **SECTION 8.** ORS 457.460 is amended to read:

37 457.460. (1) *[An agency shall, by August 1 of each year,]* **Not later than January 31 of each**
38 **year, an urban renewal agency shall** prepare a statement on the same basis on which its financial
39 statements are prepared containing:

40 (a) The amount of money received during the preceding fiscal year under ORS 457.420 to 457.460
41 and from indebtedness incurred under ORS 457.420 to 457.460;

42 (b) The purposes and amounts for which any money received under ORS 457.420 to 457.460 and
43 from indebtedness incurred under ORS 457.420 to 457.460 were expended during the preceding fiscal
44 year;

45 (c) An estimate of moneys to be received during the current fiscal year under ORS 457.420 to

1 457.460 and from indebtedness incurred under ORS 457.420 to 457.460;

2 (d) A budget setting forth the purposes and estimated amounts for which the moneys which have
3 been or will be received under ORS 457.420 to 457.460 and from indebtedness incurred under ORS
4 457.420 to 457.460 are to be expended during the current fiscal year; and

5 (e) An analysis of the impact, if any, of carrying out the urban renewal plan on the tax col-
6 lections for the preceding year for all taxing districts included under ORS 457.430.

7 (2) The statement required by subsection (1) of this section shall be filed with the governing
8 body of the municipality. Notice shall be published that the statement has been prepared and is on
9 file with the municipality and the agency and the information contained in the statement is available
10 to all interested persons. The notice shall be published once a week for not less than two successive
11 weeks before [*September 1*] **March 1** of the year [*for*] **in** which the statement is [*required*] **filed**, in
12 accordance with ORS 457.115. The notice shall summarize the information required under subsection
13 (1)(a) to (d) of this section and shall set forth in full the information required under subsection (1)(e)
14 of this section.

15 **SECTION 9. Section 10 of this 2009 Act is added to and made a part of ORS chapter 457.**

16 **SECTION 10. (1) As used in this section, unless the context requires otherwise:**

17 (a) **“Assumed increment” means the assessed value of the increment in the prior year,**
18 **increased by the average percentage increase of the increment, if any, during the three prior**
19 **years.**

20 (b) **“Frozen base” means the assessed value of the property located in an urban renewal**
21 **area as specified in the certified statement prepared pursuant to ORS 457.430, without regard**
22 **to adjustments made pursuant to subsection (9) of this section or ORS 457.435 (2)(c) or sec-**
23 **tion 7 of this 2009 Act.**

24 (c) **“Large metropolitan plan” means a plan for an urban renewal area by a city with a**
25 **population of more than 500,000 on the effective date of this 2009 Act and that is either first**
26 **approved on or after the effective date of this 2009 Act or is substantially amended to in-**
27 **crease maximum indebtedness on or after the effective date of this 2009 Act.**

28 (d) **“Maximum division of taxes” means the maximum amount of funds that may be**
29 **raised for an urban renewal plan by dividing the taxes as provided in section 1c, Article IX**
30 **of the Oregon Constitution, as described in ORS 457.440 (5), without regard to assessed values**
31 **specified in notices to assessors under this section or adjustments of the frozen base made**
32 **pursuant to subsection (9) of this section or ORS 457.435 (2)(c) or section 7 of this 2009 Act.**

33 (e) **“Transition amount” means the maximum division of taxes for a plan in the year in**
34 **which the plan is first substantially amended to increase maximum indebtedness on or after**
35 **the effective date of this 2009 Act.**

36 (2)(a) **Except as provided in paragraphs (b) and (c) of this subsection, an urban renewal**
37 **agency may notify the assessor to collect the maximum division of taxes for a plan, other**
38 **than a large metropolitan plan, that is first approved on or after the effective date of this**
39 **2009 Act.**

40 (b) **Beginning with the later of the eleventh year after the initial approval of the plan or**
41 **the first year after the year in which the maximum division of taxes equals or exceeds 10**
42 **percent of the initial maximum indebtedness in the plan, the agency shall notify the assessor**
43 **pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area**
44 **using an assessed value that is the sum of:**

45 (A) **The amount of assessed value the agency estimates will produce division of tax re-**

1 venues equal to 10 percent of the initial maximum indebtedness in the plan; and

2 (B) 25 percent of the amount by which the assumed increment exceeds the assessed value
3 of the increment the agency estimates will produce division of tax revenues that are equal
4 to 10 percent of the initial maximum indebtedness in the plan.

5 (c) Beginning with the first year after the year in which the division of taxes equals or
6 exceeds 12.5 percent of the initial maximum indebtedness in the plan, the agency shall notify
7 the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban
8 renewal area using an amount of assessed value that the agency estimates will produce di-
9 vision of tax revenues equal to 12.5 percent of the initial maximum indebtedness in the plan.

10 (d) After computing the assessed value as required under paragraph (b) or (c) of this
11 subsection, an urban renewal agency shall further modify the value if, for reasons other than
12 use of the assumed increment, the value included in the prior year's notice to the assessor
13 resulted in division of tax revenues different from the respective target amounts under par-
14 agraphs (b) and (c) of this subsection. The modification under this paragraph may not exceed
15 an amount that would result in the difference between the actual revenues and the target
16 amounts.

17 (3)(a) Except as provided in paragraphs (b) and (c) of this subsection, an urban renewal
18 agency may notify the assessor to collect the maximum division of taxes for a plan, other
19 than a large metropolitan plan, that is substantially amended on or after the effective date
20 of this 2009 Act to increase maximum indebtedness.

21 (b) Beginning with the later of the year after the year in which the plan is substantially
22 amended or the eleventh year after the plan was initially approved, when the maximum di-
23 vision of taxes exceeds 10 percent of the initial maximum indebtedness in the plan, the
24 agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of
25 taxes for the urban renewal area using an assessed value that is the sum of:

26 (A) The amount of assessed value the agency estimates will produce division of tax re-
27 venues equal to the greater of:

28 (i) 10 percent of the initial maximum indebtedness in the plan; or

29 (ii) The transition amount; and

30 (B) 25 percent of the amount by which the assumed increment exceeds the assessed value
31 of the increment the agency estimates will produce division of tax revenues that are equal
32 to the greater of:

33 (i) 10 percent of the initial maximum indebtedness in the plan; or

34 (ii) The transition amount.

35 (c) Beginning with the first year after the year in which the division of taxes equals or
36 exceeds the greater of 12.5 percent of the initial maximum indebtedness in the plan or the
37 transition amount, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to
38 compute the division of taxes for the urban renewal area using an amount of assessed value
39 that the agency estimates will produce division of tax revenues equal to the greater of 12.5
40 percent of the initial maximum indebtedness in the plan or the transition amount.

41 (d) After computing the assessed value as required under paragraph (b) or (c) of this
42 subsection, an agency shall further modify the value if, for reasons other than use of the
43 assumed increment, the value included in the prior year's notice to the assessor resulted in
44 division of tax revenues different from the respective target amounts under paragraphs (b)
45 and (c) of this subsection. The modification under this paragraph may not exceed an amount

1 that would result in the difference between the actual revenues and the target amounts.

2 (4)(a) Except as provided in paragraphs (b) to (d) of this subsection, an urban renewal
3 agency may notify the assessor to collect the maximum division of taxes for a large metro-
4 politan plan that is first approved on or after the effective date of this 2009 Act.

5 (b) In the first year after the year in which the maximum division of taxes exceeds three
6 percent of the initial maximum indebtedness in the plan, the agency shall notify the assessor
7 pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area
8 using an assessed value that is the sum of:

9 (A) The amount of assessed value the agency estimates will produce division of tax re-
10 venues equal to three percent of the initial maximum indebtedness in the plan; and

11 (B) 75 percent of the amount by which the assumed increment exceeds the assessed value
12 of the increment the agency estimates will produce division of tax revenues equal to three
13 percent of the initial maximum indebtedness in the plan.

14 (c) Except as provided in paragraph (d) of this subsection, beginning with the year after
15 the year described in paragraph (b) of this subsection, the agency shall notify the assessor
16 pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area
17 using an assessed value that is the sum of:

18 (A) The amount of assessed value the agency estimates will produce division of tax re-
19 venues equal to the greatest amount of division of tax revenues the agency was permitted
20 to use in any prior year to compute assessed value under this paragraph or paragraph (b)
21 of this subsection; and

22 (B) 75 percent of the amount by which the assumed increment exceeds the assessed value
23 of the increment the agency estimates will produce division of tax revenues equal to the
24 greatest amount of division of tax revenues the agency was permitted to use in any prior
25 year under this paragraph or paragraph (b) of this subsection.

26 (d) Beginning with the first year after the year described in paragraph (c) of this sub-
27 section in which the division of tax revenues equal or exceed 10 percent of the initial maxi-
28 mum indebtedness in the plan, the agency shall notify the assessor pursuant to ORS 457.440
29 (2)(d) to compute the division of taxes for the urban renewal area using an amount of as-
30 sessed value the agency estimates will produce division of tax revenues equal to 10 percent
31 of the initial maximum indebtedness in the plan.

32 (e) After computing the assessed value as required under paragraph (b), (c) or (d) of this
33 subsection, an agency shall further modify the value if, for reasons other than use of the
34 assumed increment, the value included in the prior year's notice to the assessor resulted in
35 division of tax revenues different from the respective target amounts under paragraphs (b)
36 to (d) of this subsection. The modification under this paragraph may not exceed an amount
37 that would result in the difference between the actual revenues and the target amounts.

38 (5)(a) Except as provided in paragraphs (b) to (d) of this subsection, an urban renewal
39 agency may notify the assessor to collect the maximum division of taxes for an urban re-
40 newal plan that becomes a large metropolitan plan because it is substantially amended to
41 increase its maximum indebtedness on or after the effective date of this 2009 Act.

42 (b) In the first year following a year on or after the effective date of this 2009 Act in
43 which the plan was substantially amended to increase maximum indebtedness that the max-
44 imum division of taxes exceeds three percent of the maximum indebtedness in effect for the
45 plan immediately before the plan was amended, the agency shall notify the assessor pursuant

1 to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an
2 assessed value that is the sum of:

3 (A) The amount of assessed value the agency estimates will produce division of tax re-
4 venues equal to the greater of:

5 (i) The transition amount; or

6 (ii) Three percent of the maximum indebtedness in the plan immediately before the plan
7 was amended to increase maximum indebtedness; and

8 (B) 75 percent of the amount by which the assumed increment exceeds the assessed value
9 of the increment the agency estimates will produce division of tax revenues equal to the
10 greater of:

11 (i) The transition amount; or

12 (ii) Three percent of the maximum indebtedness in the plan immediately before the plan
13 was amended to increase maximum indebtedness.

14 (c) Except as provided in paragraph (d) of this subsection, beginning with the year after
15 the year described in paragraph (b) of this subsection, the agency shall notify the assessor
16 pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area
17 using an assessed value that is the sum of:

18 (A) The amount of assessed value the agency estimates will produce division of tax re-
19 venues equal to the greatest amount of division of tax revenues the agency was permitted
20 to use in any prior year to compute assessed value under this paragraph or paragraph (b)
21 of this subsection; and

22 (B) 75 percent of the amount by which the assumed increment exceeds the assessed value
23 of the increment the agency estimates will produce division of tax revenues equal to the
24 greatest amount of division of tax revenues the agency was permitted to use in any prior
25 year under this paragraph or paragraph (b) of this subsection.

26 (d) Beginning with the first year after the year described in paragraph (c) of this sub-
27 section in which the division of tax revenues equal or exceed the greater of the transition
28 amount or 10 percent of the maximum indebtedness in effect for the plan immediately before
29 the plan was amended to increase maximum indebtedness, the agency shall notify the
30 assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban re-
31 newal area using an amount of assessed value the agency estimates will produce division of
32 tax revenues equal to the greater of the transition amount or 10 percent of the maximum
33 indebtedness in effect for the plan immediately before the plan was amended to increase
34 maximum indebtedness.

35 (e) After computing the assessed value as required under paragraph (b), (c) or (d) of this
36 subsection, an agency shall further modify the value if, for reasons other than use of the
37 assumed increment, the value included in the prior year's notice to the assessor resulted in
38 division of tax revenues different from the respective target amounts under paragraphs (b)
39 to (d) of this subsection. The modification under this paragraph may not exceed an amount
40 that would result in the difference between the actual revenues and the target amounts.

41 (6)(a) The initial maximum indebtedness for a large metropolitan plan that is first ap-
42 proved after the effective date of this 2009 Act may not exceed the sum of:

43 (A) \$50 million;

44 (B) 50 percent of the amount by which the initial frozen base for the plan exceeds \$50
45 million but is less than or equal to \$150 million; and

1 (C) 35 percent of the amount by which the initial frozen base exceeds \$150 million.

2 (b) The dollar amounts in this subsection may be adjusted as provided in this subsection.
3 Dollar amounts for large metropolitan plans that are subject to adjustment under this sub-
4 section may be increased on July 1 of any year beginning in 2010, by the percent change in
5 average construction costs since July 1, 2009, according to the Engineering News-Record
6 Northwest (Seattle, Washington) Construction Cost Index. The adjusted dollar amounts may
7 be used only when a large metropolitan plan is first approved.

8 (c) The maximum indebtedness may not be increased by more than 20 percent of the in-
9 tial maximum indebtedness of the plan.

10 (d) The maximum indebtedness for a plan that becomes a large metropolitan plan because
11 it is substantially amended on or after the effective date of this 2009 Act to increase its
12 maximum indebtedness may not be increased above 20 percent of the maximum indebtedness
13 in effect for the plan immediately before the first substantial amendment to increase maxi-
14 mum indebtedness in effect for the plan that was made on or after the effective date of this
15 2009 Act.

16 (7) Limitations on maximum indebtedness do not apply to the extent the municipality
17 approving a plan obtains the written concurrence of taxing districts imposing at least 75
18 percent of the amount of taxes imposed under permanent rate limits in the urban renewal
19 area. For plans that are initially approved or substantially amended on or after the effective
20 date of this 2009 Act, compliance with this section is determined based on the amount of
21 taxes imposed under permanent rate limits in the fiscal year prior to the fiscal year in which
22 the plan is approved or amended, as applicable.

23 (8) For purposes of this section, a plan is treated as approved or amended on the day on
24 which the municipality took final action to enact the nonemergency ordinance approving or
25 amending the plan.

26 (9) The amounts shown in the certified statement filed under ORS 457.430 are not af-
27 fected by subsections (2) to (5) of this section. If the increment for an area is less than the
28 assessed value that the assessor is directed to use under subsections (2) to (5) of this section,
29 the division of taxes shall be computed based on the increment and the assessor shall collect
30 the maximum division of taxes for the plan.

31 (10)(a) Notwithstanding subsection (1) of this section, as used in this subsection, "tran-
32 sition amount" means the maximum division of taxes for the plan in the fiscal year that the
33 first amendment made after June 1, 2008, to increase maximum indebtedness takes effect.

34 (b) Notwithstanding any provisions in this section to the contrary, an urban renewal plan
35 that was first approved in 1998 and had an initial maximum indebtedness of \$224,780,350 may
36 be substantially amended after June 1, 2008, to increase maximum indebtedness by not more
37 than \$343,719,650.

38 (c) Except as provided in paragraph (d) of this subsection, an urban renewal agency may
39 notify the assessor to collect the maximum division of taxes for an urban renewal plan de-
40 scribed in paragraph (b) of this subsection that is substantially amended to increase its
41 maximum indebtedness after June 1, 2008.

42 (d) Beginning with the first fiscal year after the fiscal year in which the first amendment
43 made after June 1, 2008, to increase maximum indebtedness in the plan described in para-
44 graph (b) of this subsection takes effect that the maximum division of taxes exceeds three
45 percent of the maximum indebtedness in effect for the plan immediately after the first

1 amendment made after June 1, 2008 to increase maximum indebtedness takes effect, the
2 agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of
3 taxes for the urban renewal area using an assessed value that is the sum of:

4 (A) The amount of assessed value the agency estimates will produce division of tax re-
5 venues equal to the greater of:

6 (i) The transition amount; or

7 (ii) Three percent of the maximum indebtedness in effect for the plan immediately after
8 the first amendment made after June 1, 2008, to increase maximum indebtedness takes ef-
9 fect; and

10 (B) 75 percent of the amount by which the assumed increment exceeds the assessed value
11 of the increment the agency estimates will produce division of tax revenues equal to the
12 greater of:

13 (i) The transition amount; or

14 (ii) Three percent of the maximum indebtedness in effect for the plan immediately after
15 the first amendment made after June 1, 2008, to increase maximum indebtedness takes ef-
16 fect.

17 (e)(A) To the extent permitted by law, a plan amendment described in this subsection
18 shall provide direct economic benefits to the county in which the plan's urban renewal area
19 is located in the following amounts:

20 (i) If the plan is substantially amended to increase maximum indebtedness by \$343,719,650
21 or more, at least \$35,000,000.

22 (ii) If the plan is amended to increase maximum indebtedness by less than \$343,719,650,
23 no less than 10.18 percent of any increase in maximum indebtedness.

24 (B) Benefits required under subparagraph (A) of this paragraph shall be paid as follows:

25 (i) \$10,000,000 no later than June 30, 2014; and

26 (ii) The balance no later than June 30, 2021.

27 (11)(a) The Director of the Department of Revenue shall adopt rules necessary to appor-
28 tion assessed value among tax code areas in an urban renewal area for which the urban re-
29 newal agency has notified the assessor pursuant to this section or ORS 457.440 (2)(d) or
30 section 7 of this 2009 Act to compute the division of taxes.

31 (b) The director may adopt any rule necessary or convenient for the imposition and col-
32 lection of taxes under this section or section 7 of this 2009 Act.

33 (12) The taxing bodies within the urban renewal area and the urban renewal agency are
34 not liable for any amount by which amounts intended to be collected pursuant to this section
35 exceed actual tax collections. The sole remedy for any shortfall is the agency's modification
36 of assessed value in subsequent years' notices as provided in subsections (2)(d), (3)(d), (4)(e)
37 and (5)(e) of this section.

38 SECTION 11. This 2009 Act being necessary for the immediate preservation of the public
39 peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect
40 on its passage.