

B-Engrossed
House Bill 3056

Ordered by the Senate June 9
Including House Amendments dated May 4 and Senate Amendments dated
June 9

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.

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; and amending ORS 457.010, 457.190, 457.220,
3 457.420, 457.440, 457.450 and 457.460.

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.

22 (b) Each urban renewal plan adopted by ordinance on or after December 6, 1996, and before July

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

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

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

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

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

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

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

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

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

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

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

40 457.220. (1) Except for the provisions of [subsection] **subsections (2) and (4)** of this section, an
41 urban renewal agency shall carry out the urban renewal plan approved under ORS 457.095.

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

44 (3) No land equal to more than 20 percent of the total land area of the original plan shall be
45 added to the urban renewal areas of a plan by amendments.

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

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

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

14 (5) The limits in subsection (4) of this section do not apply if the agency obtains concur-
15 rence as provided in section 10 of this 2009 Act.

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

17 457.420. (1) Any urban renewal plan may contain a provision that the ad valorem taxes, if any,
18 levied by a taxing district in which all or a portion of an urban renewal area is located, shall be
19 divided as provided in section 1c, Article IX of the Oregon Constitution, and ORS 457.420 to 457.460.
20 Ad valorem taxes shall not be divided if there is no provision in the urban renewal plan for the di-
21 vision.

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

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

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

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

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

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

43 (B) The urban renewal areas of the plan, when added to the areas included in other urban re-
44 newal plans of the municipality providing for a division of ad valorem taxes, exceed a figure equal
45 to 25 percent of the total land area of that municipality.

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

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

3 457.440. During the period specified under ORS 457.450:

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

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

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

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

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

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

24 **(e) If the agency limits the amount that may be raised by the division of taxes, as pro-**
25 **vided in section 7 (1) of this 2009 Act, the notice shall comply with section 7 (1) of this 2009**
26 **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 under section 1c, Article IX of the Oregon Constitution, shall be raised for the
30 agency.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

45 457.450. (1)(a) ORS 457.440 shall first apply to the assessment roll next following the tax roll

1 referred to in ORS 457.430 if the assessor is provided notice of a plan adoption or amendment
2 changing area boundaries by the agency prior to January 1 before the tax year to which the plan
3 first applies.

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

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

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

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

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

28 **(2) If the maximum amount of funds under ORS 457.440 is not required to pay the prin-**
29 **cipal and interest on indebtedness incurred for an urban renewal plan, the urban renewal**
30 **agency may limit future collections under a plan by notifying the county assessor to per-**
31 **manently increase the amount of the total assessed value included in the certified statement**
32 **filed under ORS 457.430. The assessed value included in the certified statement may not be**
33 **subsequently decreased 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) **“Large metropolitan plan” means a plan for an urban renewal area by a city with a**
21 **population of more than 500,000 on the effective date of this 2009 Act that is either first ap-**
22 **proved on or after the effective date of this 2009 Act or is substantially amended to increase**
23 **maximum indebtedness on or after the effective date of this 2009 Act.**

24 (c) **“Maximum division of taxes” means the maximum amount of funds that may be**
25 **raised for an urban renewal plan by dividing the taxes as provided in section 1c, Article IX**
26 **of the Oregon Constitution, as described in ORS 457.440 (5), without regard to notices to**
27 **assessors under this section or section 7 (1) of this 2009 Act or adjustments made pursuant**
28 **to ORS 457.435 (2)(c).**

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

32 (2)(a) **Except as provided in paragraphs (b) and (c) of this subsection, an urban renewal**
33 **agency may notify the assessor to collect the maximum division of taxes for a plan, other**
34 **than a large metropolitan plan, that is first approved on or after the effective date of this**
35 **2009 Act.**

36 (b) **Beginning with the later of the 11th year after the initial approval of the plan or the**
37 **first year after the year in which the maximum division of taxes equals or exceeds 10 percent**
38 **of the initial maximum indebtedness in the plan, the agency shall notify the assessor pursu-**
39 **ant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using**
40 **an assessed value that is not greater than the sum of:**

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

43 (B) **25 percent of the amount by which the assumed increment exceeds the assessed value**
44 **of the increment the agency estimates will produce division of tax revenues equal to 10 per-**
45 **cent of the initial maximum indebtedness in the plan.**

1 (c) Beginning with the first year after the year in which the division of taxes equals or
2 exceeds 12.5 percent of the initial maximum indebtedness in the plan, the agency shall notify
3 the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban
4 renewal area using an amount of assessed value that the agency estimates will produce di-
5 vision of tax revenues that does not exceed 12.5 percent of the initial maximum indebtedness
6 in the plan.

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

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

18 (b) Beginning with the later of the year after the year in which the plan is substantially
19 amended or the 11th year after the plan was initially approved, when the maximum division
20 of taxes exceeds 10 percent of the initial maximum indebtedness in the plan, the agency shall
21 notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the
22 urban renewal area using an assessed value that is not greater than the sum of:

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

- 25 (i) 10 percent of the initial maximum indebtedness in the plan; or
- 26 (ii) The transition amount; and

27 (B) 25 percent of the amount by which the assumed increment exceeds the assessed value
28 of the increment the agency estimates will produce division of tax revenues equal to the
29 greater of:

- 30 (i) 10 percent of the initial maximum indebtedness in the plan; or
- 31 (ii) The transition amount.

32 (c) Beginning with the first year after the year in which the division of taxes equals or
33 exceeds the greater of 12.5 percent of the initial maximum indebtedness in the plan or the
34 transition amount, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to
35 compute the division of taxes for the urban renewal area using an amount of assessed value
36 that the agency estimates will produce division of tax revenues that does not exceed the
37 greater of 12.5 percent of the initial maximum indebtedness in the plan or the transition
38 amount.

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

45 (4)(a) Except as provided in paragraphs (b) to (d) of this subsection, an urban renewal

1 agency may notify the assessor to impose the maximum division of taxes for a large metro-
2 politan plan that is initially approved on or after the effective date of this 2009 Act.

3 (b) In the first year after the year in which the maximum division of taxes equals or
4 exceeds three percent of the initial maximum indebtedness in the plan, the agency shall no-
5 tify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the ur-
6 ban renewal area using an assessed value that is not greater than the sum of:

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

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

12 (c) Except as provided in paragraph (d) of this subsection, beginning with the year after
13 the year described in paragraph (b) of this subsection, the agency shall notify the assessor
14 pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area
15 using an assessed value that is not greater than the sum of:

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

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

24 (d) Beginning with the first year after the year described in paragraph (c) of this sub-
25 section in which the division of tax revenues equals or exceeds 10 percent of the initial
26 maximum indebtedness in the plan, the agency shall notify the assessor pursuant to ORS
27 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an amount
28 of assessed value the agency estimates will produce division of tax revenues that does not
29 exceed 10 percent of the initial maximum indebtedness in the plan.

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

36 (5)(a) As used in this subsection, "substantial amendment" refers to the first substantial
37 amendment to increase maximum indebtedness for the urban renewal plan after the effective
38 date of the 2009 Act.

39 (b) This subsection applies to an urban renewal plan that becomes a large metropolitan
40 plan because it is substantially amended to increase its maximum indebtedness on or after
41 the effective date of this 2009 Act. This subsection applies beginning in the first year after
42 the year in which the urban renewal plan is first amended to increase its maximum indebt-
43 edness on or after the effective date of this 2009 Act. Except as provided in paragraphs (c)
44 to (e) of this subsection, an urban renewal agency may notify the assessor to impose the
45 maximum division of taxes.

1 (c) In the first year following a year that the maximum division of taxes exceeds three
2 percent of the maximum indebtedness in effect for the plan immediately before the sub-
3 stantial amendment, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to
4 compute the division of taxes for the urban renewal area using an assessed value that is not
5 greater than the sum of:

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

8 (i) The transition amount; or

9 (ii) Three percent of the maximum indebtedness in the plan immediately before the sub-
10 stantial amendment; 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 the
13 greater of:

14 (i) The transition amount; or

15 (ii) Three percent of the maximum indebtedness in the plan immediately before the sub-
16 stantial amendment.

17 (d) Except as provided in paragraph (e) of this subsection, beginning with the year after
18 the year described in paragraph (c) of this subsection, the agency shall notify the assessor
19 pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area
20 using an assessed value that is not greater than the sum of:

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

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

29 (e) Beginning with the first year after the year in which the division of tax revenues
30 equals or exceeds the greater of the transition amount or 10 percent of the maximum
31 indebtedness in effect for the plan immediately before the substantial amendment, the
32 agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of
33 taxes for the urban renewal area using an amount of assessed value that is not greater than
34 an amount the agency estimates will produce division of tax revenues equal to the greater
35 of the transition amount or 10 percent of the maximum indebtedness in effect for the plan
36 immediately before the substantial amendment.

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

43 (6)(a) The initial maximum indebtedness for a large metropolitan plan that is initially
44 approved after the effective date of this 2009 Act shall be established as provided in ORS
45 457.190 (4)(a) to (c).

1 **(b) Beginning in 2010, the dollar amounts in this subsection may be increased on July 1**
2 **of any year by the percent change in average construction costs since July 1, 2009, according**
3 **to the Engineering News-Record Northwest (Seattle, Washington) Construction Cost Index.**
4 **The adjusted dollar amounts may be used only when a large metropolitan plan is initially**
5 **approved.**

6 **(c) The maximum indebtedness may not be increased by more than 20 percent of the in-**
7 **itial maximum indebtedness of the plan.**

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

13 **(7) Limitations imposed under this section and section 7 of this 2009 Act and ORS 457.190**
14 **(4) and 457.220 (4) do not apply to the extent the municipality approving a plan obtains the**
15 **written concurrence of taxing districts imposing at least 75 percent of the amount of taxes**
16 **imposed under permanent rate limits in the urban renewal area. For plans that are initially**
17 **approved or substantially amended on or after the effective date of this 2009 Act, compliance**
18 **with this section is determined based on the amount of taxes imposed under permanent rate**
19 **limits in the fiscal year prior to the fiscal year in which the plan is approved or amended,**
20 **as applicable.**

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

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

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

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

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

40 **(d) Beginning with the first fiscal year after the fiscal year in which the first amendment**
41 **made after June 1, 2008, to increase maximum indebtedness in the plan described in para-**
42 **graph (b) of this subsection takes effect that the maximum division of taxes exceeds three**
43 **percent of the maximum indebtedness in effect for the plan immediately after the first**
44 **amendment made after June 1, 2008, to increase maximum indebtedness takes effect, the**
45 **agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of**

1 **taxes for the urban renewal area using an assessed value that is the sum of:**

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

4 **(i) The transition amount; or**

5 **(ii) Three percent of the maximum indebtedness in effect for the plan immediately after**
6 **the first amendment made after June 1, 2008, to increase maximum indebtedness takes ef-**
7 **fect; 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 effect for the plan immediately after**
13 **the first amendment made after June 1, 2008, to increase maximum indebtedness takes ef-**
14 **fect.**

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

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

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

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

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

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

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

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

31 **(12) The taxing districts affected by the urban renewal plan and the urban renewal**
32 **agency are not liable for any amount by which amounts intended to be collected pursuant**
33 **to this section differ from the targeted amounts in subsections (2) to (5) of this section. The**
34 **sole remedy for any difference is the agency's modification of assessed value in subsequent**
35 **years' notices as provided in subsections (2)(d), (3)(d), (4)(e) and (5)(f) of this section.**

36 **SECTION 11. ORS 457.010 is amended to read:**

37 **457.010. As used in this chapter, unless the context requires otherwise:**

38 **(1) "Blighted areas" means areas that, by reason of deterioration, faulty planning, inadequate**
39 **or improper facilities, deleterious land use or the existence of unsafe structures, or any combination**
40 **of these factors, are detrimental to the safety, health or welfare of the community. A blighted area**
41 **is characterized by the existence of one or more of the following conditions:**

42 **(a) The existence of buildings and structures, used or intended to be used for living, commercial,**
43 **industrial or other purposes, or any combination of those uses, that are unfit or unsafe to occupy**
44 **for those purposes because of any one or a combination of the following conditions:**

45 **(A) Defective design and quality of physical construction;**

- 1 (B) Faulty interior arrangement and exterior spacing;
- 2 (C) Overcrowding and a high density of population;
- 3 (D) Inadequate provision for ventilation, light, sanitation, open spaces and recreation facilities;

4 or

- 5 (E) Obsolescence, deterioration, dilapidation, mixed character or shifting of uses;
- 6 (b) An economic dislocation, deterioration or disuse of property resulting from faulty planning;
- 7 (c) The division or subdivision and sale of property or lots of irregular form and shape and in-
- 8 adequate size or dimensions for property usefulness and development;
- 9 (d) The laying out of property or lots in disregard of contours, drainage and other physical
- 10 characteristics of the terrain and surrounding conditions;
- 11 (e) The existence of inadequate streets and other rights of way, open spaces and utilities;
- 12 (f) The existence of property or lots or other areas that are subject to inundation by water;
- 13 (g) A prevalence of depreciated values, impaired investments and social and economic
- 14 maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are
- 15 inadequate for the cost of public services rendered;
- 16 (h) A growing or total lack of proper utilization of areas, resulting in a stagnant and unpro-
- 17 ductive condition of land potentially useful and valuable for contributing to the public health, safety
- 18 and welfare; or
- 19 (i) A loss of population and reduction of proper utilization of the area, resulting in its further
- 20 deterioration and added costs to the taxpayer for the creation of new public facilities and services
- 21 elsewhere.

22 (2) "Certified statement" means the statement prepared and filed pursuant to ORS 457.430 or

23 an amendment to the certified statement prepared and filed pursuant to ORS 457.430.

24 (3) "City" means any incorporated city.

25 (4) "Consolidated billing tax rate" means:

26 (a) If the urban renewal plan is an existing urban renewal plan (other than an existing urban

27 renewal plan designated as an Option Three plan under ORS 457.435 (2)(c)), an urban renewal plan

28 that was an existing urban renewal plan on October 6, 2001, (other than an existing urban renewal

29 plan designated as an Option Three plan under ORS 457.435 (2)(c) and that was substantially

30 amended as described in ORS 457.085 (2)(i)(A) or (B) on or after October 6, 2001, or an urban re-

31 newal plan adopted on or after October 6, 2001, the total of all district tax rates used to extend

32 taxes after any adjustment to reflect tax offsets under ORS 310.105, but does not include any rate

33 derived from:

34 (A) Any urban renewal special levy under ORS 457.435[;].

35 (B) A local option tax, as defined in ORS 280.040, that is approved by taxing district electors

36 after October 6, 2001[; or].

37 (C) A tax pledged to repay exempt bonded indebtedness (other than exempt bonded indebtedness

38 used to fund local government pension and disability plan obligations that, until funded by the ex-

39 empt bonded indebtedness, were described in section 11 (5), Article XI of the Oregon Constitution),

40 as defined in ORS 310.140, that is approved by taxing district electors after October 6, 2001[; and].

41 **(D) The increase in the rate of ad valorem property tax allowable under section 11 (5)(d),**

42 **Article XI of the Oregon Constitution, for a school district with a statutory rate limit on**

43 **July 1, 2003, that is greater than \$4.50 per \$1,000 of assessed value, to the extent that the**

44 **increase is excluded from local revenues, as that term is used in ORS chapter 327, and pro-**

45 **vided that the school district notifies the county assessor of the rate to be excluded for the**

1 **current fiscal year not later than July 15.**

2 (b) In the case of all other urban renewal plans, the total of all district ad valorem property tax
3 rates used to extend taxes after any adjustments to reflect tax offsets under ORS 310.105, except
4 that “consolidated billing tax rate” does not include any urban renewal special levy rate under ORS
5 457.435.

6 (5)(a) “Existing urban renewal plan” means an urban renewal plan that provides for a division
7 of ad valorem property taxes as described under ORS 457.420 to 457.460 adopted by ordinance before
8 December 6, 1996, that:

9 (A) Except for an amendment made on account of ORS 457.190 (3) and subject to paragraph (b)
10 of this subsection, is not changed by substantial amendment, as described in ORS 457.085 (2)(i)(A)
11 or (B), on or after December 6, 1996; and

12 (B) For tax years beginning on or after July 1, 1998, includes the limit on indebtedness as de-
13 scribed in ORS 457.190 (3).

14 (b) If, on or after July 1, 1998, the maximum limit on indebtedness (adopted by ordinance before
15 July 1, 1998, pursuant to ORS 457.190) of an existing urban renewal plan is changed by substantial
16 amendment, then “indebtedness issued or incurred to carry out the existing urban renewal plan” for
17 purposes of ORS 457.435 includes only the indebtedness within the indebtedness limit adopted by
18 ordinance under ORS 457.190 (3)(c) before July 1, 1998.

19 (6) “Fiscal year” means the fiscal year commencing on July 1 and closing on June 30.

20 (7) “Governing body of a municipality” means, in the case of a city, the common council or other
21 legislative body thereof, and, in the case of a county, the board of county commissioners or other
22 legislative body thereof.

23 (8) “Housing authority” or “authority” means any housing authority established pursuant to the
24 Housing Authorities Law.

25 (9) “Increment” means that part of the assessed value of a taxing district attributable to any
26 increase in the assessed value of the property located in an urban renewal area, or portion thereof,
27 over the assessed value specified in the certified statement.

28 (10) “Maximum indebtedness” means the amount of the principal of indebtedness included in a
29 plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance
30 existing indebtedness.

31 (11) “Municipality” means any county or any city in this state. “The municipality” means the
32 municipality for which a particular urban renewal agency is created.

33 (12) “Taxing body” or “taxing district” means the state, city, county or any other taxing unit
34 which has the power to levy a tax.

35 (13) “Urban renewal agency” or “agency” means an urban renewal agency created under ORS
36 457.035 and 457.045.

37 (14) “Urban renewal area” means a blighted area included in an urban renewal plan or an area
38 included in an urban renewal plan under ORS 457.160.

39 (15) “Urban renewal project” or “project” means any work or undertaking carried out under
40 ORS 457.170 in an urban renewal area.

41 (16) “Urban renewal plan” or “plan” means a plan, as it exists or is changed or modified from
42 time to time for one or more urban renewal areas, as provided in ORS 457.085, 457.095, 457.105,
43 457.115, 457.120, 457.125, 457.135 and 457.220.

44