

House Bill 3250

Sponsored by Representative CAMERON

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 **as introduced**.

Authorizes municipalities to enter into agreements with property developers under which municipally owned property is conveyed at below market value or at no cost to developer, developed to highest and best use by developer and municipal property taxes raised on incremental increase in value are directed by terms of agreement to economic development purposes, development of subsequent underdeveloped property or repayment of debt associated with participating property. Allows other taxing districts that share territory with municipality to elect to have their property taxes on incremental increase in value be directed as prescribed by agreement between municipality and property developer.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1 Relating to underdeveloped property increment financing; and prescribing an effective date.

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

SECTION 1. (1) As used in this section:

4 (a) **"Assessed value"** means assessed value for property tax purposes.

5 (b) **"Base amount"** means the assessed value of a participating property for the tax year
6 **during which the property first becomes participating property.**

7 (c) **"Increment amount"** means the assessed value of participating property for a tax
8 **year less the base amount of the participating property.**

9 (d) **"Increment tax revenues"** means the amount of property taxes of the municipality
10 **and participating taxing districts that is raised on the increment amount.**

11 (e) **"Municipality"** means a city or county of this state.

12 (f) **"Participating property"** means property that is subject to conveyance and develop-
13 **ment under an agreement executed under this section.**

14 (g) **"Participating taxing district"** means a taxing district that has elected to participate
15 **in an agreement executed under this section by making the election described in subsection**
16 **(5) of this section.**

17 (h) **"Underdeveloped property"** includes undeveloped property.

18 (2) **A municipality may enter into an agreement under this section with a property de-**
19 **veloper, the terms of which may:**

20 (a) **Convey municipally owned underdeveloped property to the developer at below market**
21 **value or no cost;**

22 (b) **Require the developer to develop the property to its highest and best use; and**

23 (c) **Direct increment tax revenues to any of the following:**

24 (A) **The acquisition of a subsequent underdeveloped property that, pursuant to agreement**
25 **of the municipality and developer, is to be made a subsequent participating property;**

26 (B) **The fulfillment of economic development goals or economic development promotion**
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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 goals identified in the agreement; or

2 (C) The retirement of debt incurred by the municipality in acquiring a participating
3 property.

4 (3) The agreement shall set forth:

5 (a) The maximum duration of the agreement;

6 (b) The maximum amount of increment tax revenues of the agreement; and

7 (c) The purposes for which increment tax revenues may be spent.

8 (4) The agreement shall terminate as of the earlier of the date on which the maximum
9 duration of the agreement or the maximum amount of increment tax revenues of the
10 agreement is reached.

11 (5)(a) Prior to the agreement being executed, the municipality may give notice to other
12 taxing districts having territory within the boundaries of the municipality of the terms of
13 the agreement. By resolution of the governing body of the taxing district within six months
14 of the beginning of the agreement, a taxing district may elect to participate in the agree-
15 ment. The taxing district shall give the municipality and the county assessor notice of the
16 election.

17 (b) The property taxes of a taxing district that elects to participate in the agreement and
18 that are raised on the increment amount of participating property shall be considered in-
19 crement tax revenues. The county treasurer shall distribute the increment tax revenues of
20 an electing taxing district from the county unsegregated tax collections account under ORS
21 311.385 to the municipality, but shall account for the distribution as a distribution to the
22 electing taxing district.

23 (c) An election made by a taxing district under this subsection shall be irrevocable for
24 the duration of the agreement.

25 SECTION 2. This 2009 Act takes effect on the 91st day after the date on which the reg-
26 ular session of the Seventy-fifth Legislative Assembly adjourns sine die.

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