

Senate Bill 642

Sponsored by Senator STARR

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**.

Eliminates school district taxes from division of tax method of funding urban renewal projects.
Applies to urban renewal plans that are adopted or substantially amended on or after effective date of Act.

A BILL FOR AN ACT

1
2 Relating to urban renewal; creating new provisions; and amending ORS 457.010, 457.420, 457.430 and
3 457.440.

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

5 **SECTION 1.** ORS 457.010 is amended to read:

6 457.010. As used in this chapter, unless the context requires otherwise:

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

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

14 (A) Defective design and quality of physical construction;

15 (B) Faulty interior arrangement and exterior spacing;

16 (C) Overcrowding and a high density of population;

17 (D) Inadequate provision for ventilation, light, sanitation, open spaces and recreation facilities;

18 or

19 (E) Obsolescence, deterioration, dilapidation, mixed character or shifting of uses;

20 (b) An economic dislocation, deterioration or disuse of property resulting from faulty planning;

21 (c) The division or subdivision and sale of property or lots of irregular form and shape and in-
22 adequate size or dimensions for property usefulness and development;

23 (d) The laying out of property or lots in disregard of contours, drainage and other physical
24 characteristics of the terrain and surrounding conditions;

25 (e) The existence of inadequate streets and other rights of way, open spaces and utilities;

26 (f) The existence of property or lots or other areas that are subject to inundation by water;

27 (g) A prevalence of depreciated values, impaired investments and social and economic
28 maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are
29 inadequate for the cost of public services rendered;

30 (h) A growing or total lack of proper utilization of areas, resulting in a stagnant and unpro-
31 ductive condition of land potentially useful and valuable for contributing to the public health, safety

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 and welfare; or

2 (i) A loss of population and reduction of proper utilization of the area, resulting in its further
3 deterioration and added costs to the taxpayer for the creation of new public facilities and services
4 elsewhere.

5 (2) "Certified statement" means the statement prepared and filed pursuant to ORS 457.430 or
6 an amendment to the certified statement prepared and filed pursuant to ORS 457.430.

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

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

9 (a) If the urban renewal plan is an existing urban renewal plan (other than an existing urban
10 renewal plan designated as an Option Three plan under ORS 457.435 (2)(c)), an urban renewal plan
11 that was an existing urban renewal plan on October 6, 2001, (other than an existing urban renewal
12 plan designated as an Option Three plan under ORS 457.435 (2)(c) and that was substantially
13 amended as described in ORS 457.085 (2)(i)(A) or (B) on or after October 6, 2001, or an urban re-
14 newal plan adopted on or after October 6, 2001, **and before the effective date of this 2009 Act,**
15 **including a school-supported urban renewal plan that meets the other requirements of this**
16 **paragraph**, the total of all district tax rates used to extend taxes after any adjustment to reflect
17 tax offsets under ORS 310.105, but does not include any rate derived from:

18 (A) Any urban renewal special levy under ORS 457.435;

19 (B) A local option tax, as defined in ORS 280.040, that is approved by taxing district electors
20 after October 6, 2001; or

21 (C) A tax pledged to repay exempt bonded indebtedness (other than exempt bonded indebtedness
22 used to fund local government pension and disability plan obligations that, until funded by the ex-
23 empt bonded indebtedness, were described in section 11 (5), Article XI of the Oregon Constitution),
24 as defined in ORS 310.140, that is approved by taxing district electors after October 6, 2001; [and]

25 (b) In the case of all other **school-supported** urban renewal plans, the total of all district ad
26 valorem property tax rates used to extend taxes after any adjustments to reflect tax offsets under
27 ORS 310.105, except that "consolidated billing tax rate" does not include any urban renewal special
28 levy rate under ORS 457.435[.]; **and**

29 **(c) In the case of any other urban renewal plan that is not a school-supported urban re-**
30 **newal plan, the total of all district tax rates used to extend taxes after any adjustment to**
31 **reflect offsets under ORS 310.105, but does not include any rate derived from:**

32 (A) A school district tax;

33 (B) Any urban renewal special levy under ORS 457.435;

34 (C) A local option tax, as defined in ORS 280.040, that is approved by taxing district
35 electors after October 6, 2001; or

36 (D) A tax pledged to repay exempt bonded indebtedness (other than exempt bonded
37 indebtedness used to fund local government pension and disability plan obligations that, until
38 funded by the exempt bonded indebtedness, were described in section 11 (5), Article XI of the
39 Oregon Constitution), as defined in ORS 310.140, that is approved by taxing district electors
40 after October 6, 2001.

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

44 (A) Except for an amendment made on account of ORS 457.190 (3) and subject to paragraph (b)
45 of this subsection, is not changed by substantial amendment, as described in ORS 457.085 (2)(i)(A)

1 or (B), on or after December 6, 1996; and

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

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

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

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

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

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

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

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

23 **(12) “School district” means a common school district, a union high school district, an**
24 **education service district, a community college district or a community college service dis-**
25 **trict.**

26 **(13) “School-supported urban renewal plan” means an urban renewal plan that:**

27 **(a) Provides for a division of ad valorem property taxes as described under ORS 457.420**
28 **to 457.460 that includes the division of school district ad valorem property taxes;**

29 **(b) Was adopted by ordinance before the effective date of this 2009 Act; and**

30 **(c) Is not changed by substantial amendment, as described in ORS 457.085 (2)(i), on or**
31 **after the effective date of this 2009 Act.**

32 [(12)] (14) “Taxing body” or “taxing district” means the state, city, county or any other taxing
33 unit which has the power to levy a tax.

34 [(13)] (15) “Urban renewal agency” or “agency” means an urban renewal agency created under
35 ORS 457.035 and 457.045.

36 [(14)] (16) “Urban renewal area” means a blighted area included in an urban renewal plan or
37 an area included in an urban renewal plan under ORS 457.160.

38 [(15)] (17) **“Urban renewal plan” or “plan” means a plan, as it exists or is changed or**
39 **modified from time to time for one or more urban renewal areas, as provided in ORS 457.085,**
40 **457.095, 457.105, 457.115, 457.120, 457.125, 457.135 and 457.220.**

41 (18) “Urban renewal project” or “project” means any work or undertaking carried out under
42 ORS 457.170 in an urban renewal area.

43 [(16)] *“Urban renewal plan” or “plan” means a plan, as it exists or is changed or modified from*
44 *time to time for one or more urban renewal areas, as provided in ORS 457.085, 457.095, 457.105,*
45 *457.115, 457.120, 457.125, 457.135 and 457.220.]*

1 **SECTION 2.** Section 3 of this 2009 Act is added to and made a part of ORS chapter 457.

2 **SECTION 3.** (1) An urban renewal plan that is adopted on or after the effective date of
3 this 2009 Act may provide for a division of ad valorem property taxes as described under ORS
4 457.420 to 457.460 for all taxing districts within the urban renewal areas of the plan except
5 for school districts.

6 (2) A school-supported urban renewal plan that is substantially amended, as described in
7 ORS 457.085 (2)(i), must include as part of the substantial amendment that the plan will not
8 provide for a division of ad valorem property taxes as described under ORS 457.420 to 457.460
9 or that:

10 (a) All outstanding indebtedness for which divided tax revenues have been pledged shall
11 be refunded within 90 days after the effective date of the substantial amendment; and

12 (b) The indebtedness refunding the outstanding indebtedness described in paragraph (a)
13 of this subsection may pledge only divided tax revenues from taxing districts that are not
14 school districts.

15 **SECTION 4.** ORS 457.420 is amended to read:

16 457.420. (1) Any urban renewal plan may contain a provision that the ad valorem taxes, if any,
17 levied by a taxing district in which all or a portion of an urban renewal area is located, shall be
18 divided as provided in section 1c, Article IX of the Oregon Constitution, and ORS 457.420 to 457.460.
19 Ad valorem taxes shall not be divided if there is no provision in the urban renewal plan for the di-
20 vision.

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

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

25 (A) The assessed value for the urban renewal areas of the plan, when added to the total assessed
26 value previously certified by the assessor for other urban renewal plans of the municipality for
27 which a division of ad valorem taxes is provided exceeds a figure equal to 15 percent of the total
28 assessed value of that municipality, exclusive of any increased assessed value for other urban re-
29 newal areas; or

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

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

35 (A) The assessed value for the urban renewal areas of the plan, when added to the total assessed
36 value previously certified by the assessor for other urban renewal plans of the municipality for
37 which a division of ad valorem taxes is provided exceeds a figure equal to 25 percent of the total
38 assessed value of that municipality, exclusive of any increased assessed value for other urban re-
39 newal areas; or

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

43 (3) A plan adopted or substantially amended on or after the effective date of this 2009
44 Act may not be a school-supported urban renewal plan.

45 [(3)] (4) Property may not be included in more than one urban renewal area.

1 **SECTION 5.** ORS 457.430 is amended to read:

2 457.430. (1) As soon as practicable after the approval of a plan containing a provision authorized
3 by ORS 457.420, the county assessor of each county in which an urban renewal area is located shall
4 prepare, in duplicate, a certified statement of the total assessed value, as shown on the county as-
5 sessment roll last certified prior to the effective date of the ordinance approving the plan, of all of
6 the taxable real and personal property contained in the urban renewal area in the county.

7 (2) Wherever only a part of an urban renewal area is located in a taxing district, the assessor
8 also shall show in the statement required by subsection (1) of this section the assessed value of the
9 real and personal property in the part of the urban renewal area located in the taxing district.

10 (3) One copy of the certified statement shall be filed by the assessor with the agency and the
11 other copy shall constitute a part of the public records of the county assessor's office.

12 (4)(a) Whenever a part of an urban renewal area comes within the territory of a taxing district
13 either by annexation, incorporation of a new taxing district or consolidation, after the approval of
14 a plan containing a provision authorized by ORS 457.420, the county assessor shall in the same
15 manner as under subsection (3) of this section file a certified statement or an amendment to a cer-
16 tified statement to show the assessed value of the real and personal property in that part of the
17 urban renewal area incorporated by annexation or consolidation into the taxing district. The as-
18 sessed value of the real and personal property so incorporated shall be determined in the same
19 manner and as of the same date as provided in subsections (1) and (2) of this section.

20 **(b) This subsection does not apply if the annexation, incorporation or consolidation af-**
21 **fects a school district and the urban renewal plan is not a school-supported urban renewal**
22 **plan.**

23 (5) When a certified statement is filed as required by subsection (1) of this section, if the law
24 provides a reduction or increase of the valuation for tax purposes of the taxable property contained
25 in the urban renewal area at the time of the filing, the assessor shall state the total assessed value
26 as it is so reduced or increased. After a certified statement has been filed as required by subsection
27 (1) of this section, if a law is enacted which provides a reduction or increase of the valuation for
28 tax purposes of the taxable property contained in the urban renewal area at the time the certified
29 statement was filed, the assessor shall amend the certified statement annually or as otherwise re-
30 quired to reduce or increase the stated total assessed value of the real and personal property ac-
31 cordingly. An amendment to the certified statement shall be filed in the manner provided by
32 subsections (3) and (4) of this section.

33 (6)(a) Subject to subsections (4) and (5) of this section and paragraph (b) of this subsection, all
34 certified statements and amendments thereto filed under this section before July 14, 1997, shall
35 continue to remain in effect.

36 (b) Effective as of the tax year beginning on July 1, 1997, the assessor shall amend the amount
37 of assessed value included in a certified statement by applying to the certified assessed value of each
38 tax code area located within an urban renewal area the percentage obtained by dividing the total
39 assessed value within the tax code area, including growth in assessed value over the certified as-
40 sessed value, by the total real market value within the tax code area.

41 **SECTION 6.** ORS 457.440 is amended to read:

42 457.440. During the period specified under ORS 457.450:

43 (1) The county assessor shall determine the amount of funds to be raised each year for urban
44 renewal within the county levied by taxing districts in accordance with section 1c, Article IX of the
45 Oregon Constitution, and ORS 457.420 to 457.460 **and section 3 of this 2009 Act.**

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

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

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

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

15 (d) If the plan is not an existing plan, the notice shall state that the maximum amount of funds
16 that may be raised by dividing the taxes under section 1c, Article IX of the Oregon Constitution,
17 **and section 3 of this 2009 Act** shall be raised for the agency.

18 (3) If a municipality has chosen Option Three pursuant to ORS 457.435, the maximum amount
19 of funds that may be raised for an urban renewal agency by dividing the taxes as provided in section
20 1c, Article IX of the Oregon Constitution, may be limited by the municipality in which the urban
21 renewal agency is located. The decision of the municipality to limit the amount of funds to be in-
22 cluded in the notice filed under subsection (2) of this section shall be reflected in the certified
23 statement filed by the urban renewal agency with the county assessor.

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

30 (5) The maximum amount of funds that may be raised for an urban renewal plan by dividing the
31 taxes as provided in section 1c, Article IX of the Oregon Constitution, **and section 3 of this 2009**
32 **Act** shall be computed by the county assessor as follows:

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

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

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

40 (6)(a) The maximum amount of funds that may be raised for an urban renewal agency as deter-
41 mined under subsection (5) of this section, or the maximum amount, as determined under subsection
42 (2) of this section, shall be certified by the county assessor to the tax collector. The tax collector
43 shall include the amount so certified in the percentage schedule of the ratio of taxes on property
44 prepared under ORS 311.390 and filed with the county treasurer. **If the urban renewal plan for**
45 **which funds are raised is not a school-supported urban renewal plan, the tax collector shall**

1 **adjust the schedule prepared under ORS 311.390 to ensure that school district taxes are not**
2 **distributed to the urban renewal agency.** Notwithstanding ORS 311.395 (6), the county treasurer
3 shall credit the amount to the urban renewal agency and shall distribute its percentage amount to
4 the urban renewal agency as determined by the schedule at the times other distributions are made
5 under ORS 311.395 (7).

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

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

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

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

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

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