

House Bill 2425

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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**.

Modifies provisions relating to local budget law.

A BILL FOR AN ACT

1
2 Relating to local budget law; creating new provisions; amending ORS 294.311, 294.326, 294.352,
3 294.356, 294.371, 294.391, 294.401, 294.411, 294.416, 294.421, 294.430, 294.435, 294.440, 294.445,
4 294.450, 294.455, 294.480, 294.500, 294.555, 294.608, 294.910, 310.060 and 455.210; and repealing
5 ORS 294.386, 294.418 and 294.483.

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

7 **SECTION 1.** ORS 294.326 is amended to read:

8 294.326. (1) *[Except as provided in subsections (3) to (11) of this section, it is unlawful for any]* **A**
9 municipal corporation *[to]* **may not** expend money or *[to]* certify to the assessor an ad valorem tax
10 rate or estimated amount of ad valorem taxes to be imposed in any year unless the municipal cor-
11 poration has complied with ORS 294.305 to 294.565.

12 *[(2) To the extent that any of subsections (3) to (11) of this section apply in a given case, the mu-*
13 *nicipal corporation need not comply with ORS 294.305 to 294.565.]*

14 *[(3)]* **(2)** Subsection (1) of this section does not apply to the expenditure *[in the year of receipt]*
15 of grants, gifts, bequests or devises transferred to a municipal corporation in trust for specific pur-
16 poses or to other special purpose trust funds at the disposal of municipal corporations. *[However,*
17 *subsection (1) of this section does apply to the expenditure of grants, gifts, bequests or devises trans-*
18 *ferred to a municipal corporation for undesignated general purposes or to the expenditure of grants,*
19 *gifts, bequests or devises transferred to a municipal corporation in trust for specific purposes which*
20 *were received in a prior year. Expenditure of grants, gifts, bequests and devises exempt from subsection*
21 *(1) of this section by]* **A municipal corporation may not make an expenditure under** this sub-
22 section *[is lawful only after enactment by]* **unless** the governing body of the municipal corporation
23 *[of]* **enacts** appropriation ordinances or resolutions authorizing the expenditure.

24 *[(4)]* **(3)** Subsection (1) of this section does not apply *[whenever]:*

25 **(a) To the extent that maintenance, repair or self-insurance reserves authorized by ORS**
26 **294.366 or nontax funds are available or may be made available; and**

27 **(b) If** the governing body of a municipal corporation:

28 **(A) Adopts an ordinance or resolution to appropriate excess expenditures for a specific**
29 **purpose or purposes; and**

30 **(B)(i) [Has declared] Declares** the existence of an *[unforeseen]* occurrence or condition *[which]*
31 **that** could not have been foreseen at the time of the preparation of the budget for the current year

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 or current budget period *[or]*;

2 (ii) Could not have foreseen a pressing necessity for the expenditure *[or]* **at the time of the**
 3 **preparation of the budget for the current year or current budget period; or**

4 (iii) *[Has received]* **Receives** a request for services or facilities, the cost of which is supplied by
 5 a private individual, corporation or company or by another governmental unit necessitating a
 6 greater expenditure of public money for any specific purpose or purposes than the amount budgeted
 7 in order to provide the services for which the governing body of the municipal corporation was re-
 8 sponsible. *[The governing body may make excess expenditures for the specific purpose or purposes be-*
 9 *yond the amount budgeted and appropriated to the extent that maintenance, repair or self-insurance*
 10 *reserves authorized by ORS 294.366 or nontax funds are available or may be made available. The*
 11 *expenditures are lawful only after the enactment of appropriate appropriation ordinances or resolutions*
 12 *authorizing the expenditures. The ordinance or resolution must state the need for the expenditure, the*
 13 *purpose for the expenditure and the amount appropriated.]*

14 [(5)] (4) Subsection (1) of this section does not apply to the expenditure during the current year
 15 or current budget period of the proceeds of the sale of the following bonds, as defined in ORS
 16 287A.001, or to the expenditure during the current year or current budget period of other funds to
 17 pay debt service on those bonds:

18 (a) Bonds that are issued under ORS 287A.150 and for which the referral period described in
 19 ORS 287A.150 ended after the preparation of the budget of the current year or current budget pe-
 20 riod;

21 (b) Bonds that were approved by the electors during the current year or current budget period;
 22 or

23 (c) Bonds issued during the current year or current budget period to refund previously issued
 24 bonds or obligations.

25 [(6)] (5) Subsection (1) of this section does not apply to:

26 (a) Expenditures of funds received from the sale of conduit revenue bonds or other borrowings
 27 issued for private business entities or nonprofit corporations by public bodies, as defined in ORS
 28 287A.001, or the State of Oregon or to pay debt service on the bonds;

29 (b) Expenditures of funds that have been irrevocably placed in escrow for the purpose of
 30 defeasing and paying bonds;

31 (c) Expenditures of assessments or other revenues to redeem bonds that are payable from the
 32 assessments or other revenues, when the assessments or other revenues are received as a result of
 33 prepayments or other unforeseen circumstances; or

34 (d) Expenditures of funds that are held as debt service reserves for bonds if the expenditures
 35 are made to:

36 (A) Pay debt service on the bonds;

37 (B) Redeem the bonds; or

38 (C) Fund an escrow or trust account to defease or pay the bonds.

39 [(7)] (6) Subsection (1) of this section does not apply to expenditures of funds received from as-
 40 sessments against benefited property for local improvements as defined in ORS 223.001 to the extent
 41 that the cost of the improvements is *[to be paid]* **payable** by owners of benefited property.

42 [(8)] (7) Subsection (1) of this section does not apply to the expenditure of funds accumulated
 43 to pay deferred employee compensation.

44 [(9)] (8) Subsection (1) of this section does not apply to refunds or the interest on refunds
 45 granted by counties under ORS 311.806.

1 [(10)] (9) Subsection (1) of this section does not apply to refunds received by a municipal cor-
 2 poration when purchased items are returned after an expenditure has been made. **A municipal**
 3 **corporation may not make an** expenditure [*of refunded amounts to which*] **under** this subsection
 4 [*applies is lawful only after*] **unless** the governing body of the municipal corporation [*has enacted,*
 5 *after public hearing,*] **enacts** appropriate appropriation ordinances or resolutions authorizing the
 6 expenditure.

7 [(11)] (10) Subsection (1) of this section does not apply to a newly formed municipal corporation
 8 during the fiscal year in which it was formed. If a new municipal corporation is formed between
 9 March 1 and June 30, subsection (1) of this section does not apply to the municipal corporation
 10 during the fiscal year immediately following the fiscal year in which it was formed.

11 **SECTION 2.** ORS 294.352 is amended to read:

12 294.352. (1) Each municipal corporation shall prepare estimates of expenditures **and other re-**
 13 **quirements** for the ensuing year or [*ensuing*] budget period. **The estimates must be reconciled**
 14 **so that the total amount of expenditures and other requirements in each fund equals the**
 15 **total amount of resources in the fund for the same period.**

16 (2) [*The*] Estimates required [*by*] **under** subsection (1) of this section [*shall*] **must** be prepared
 17 by organizational unit or by program. **For purposes of preparing the estimates, “organizational**
 18 **unit” does not apply to hospitals, school districts, education service districts or community**
 19 **college districts.**

20 (3) Estimates [*required by subsection (1) of this section and*] prepared by organizational unit
 21 [*shall*] **pursuant to subsection (2) of this section must** be detailed under separate object classi-
 22 fications of [*personal*] **personnel** services, materials and services and capital outlay. Separate esti-
 23 mates [*shall*] **must** be made **for operating expenses and general capital outlays that cannot**
 24 **reasonably be allocated to an organizational unit and** for special payments, debt service[,] **and**
 25 interfund revenue transfers[, *operating expenses and general capital outlays which cannot reasonably*
 26 *be allocated to an organizational unit*].

27 (4) Estimates [*required by subsection (1) of this section and*] prepared by program [*shall*] **pursu-**
 28 **ant to subsection (2) of this section must** be arranged for each activity of a program. Estimates
 29 under each activity [*shall*] **must** be detailed under separate object classifications of [*personal*] **per-**
 30 **sonnel** services, materials and services and capital outlay. Separate estimates [*shall*] **must** be made
 31 [*for each program*] **for operating expenses and general capital outlays that cannot reasonably**
 32 **be allocated to an activity within a program and** for special payments, debt service[,] **and** inter-
 33 fund revenue transfers[, *operating expenses and general capital outlays which cannot reasonably be*
 34 *allocated to an activity within a function. For common and union high school districts and community*
 35 *colleges, estimates required by this subsection shall be further detailed by object within each object*
 36 *classification*].

37 (5) Estimates of expenditures for [*personal services, other than services of persons who receive an*
 38 *hourly wage or who are hired on a part-time basis, shall list the salary for each officer and employee,*
 39 *except that*] **personnel services must include for each organizational unit or activity the total**
 40 **budgeted cost of all officers and employees and the number of related full-time equivalent**
 41 **positions. Upon request, a municipal corporation shall make available the current salary of**
 42 **each officer and employee, other than persons who receive an hourly wage or who are hired**
 43 **on a part-time basis. For the purpose of preparing a list of salaries,** employees of like classi-
 44 fication and salary range[, (*such range not to exceed that established by the governing body of the*
 45 *municipal corporation in accordance with its policy for setting salaries*) in each organizational unit or

1 activity] may be listed by the number of [those] employees, the [limits of each salary range] **highest**
 2 **and lowest salaries** and the **total** amount of [their combined] **all** salaries, **in each salary range.**

3 [(6) *The general capital outlay estimate shall include separate amounts for land, buildings, im-*
 4 *provements to land other than buildings and machinery and equipment which cannot be reasonably*
 5 *allocated to an organizational unit or activity.*]

6 [(7) (6) [The] Debt service estimates [shall] **must** include separate amounts for principal and
 7 interest [of] **for** each bond issue in each fund.

8 [(8) (7) [There may be included in each fund] **The estimate for a fund may include** an estimate
 9 for general operating contingencies.

10 [(9) *If the estimates required by subsection (1) of this section are not prepared by fund, there shall*
 11 *be prepared a summary which cross-references programs or organizational units to the appropriations*
 12 *required by ORS 294.435.*]

13 **SECTION 3.** ORS 294.356 is amended to read:

14 294.356. (1) Each school district[,] **and** each education service district [*and each community col-*
 15 *lege district*] shall prepare [its] **the** estimates of expenditures required [by] **under** ORS 294.352 in
 16 accordance with the classification of revenue and expenditure accounts prescribed by [*rules of the*
 17 *State Board*] **the Department** of Education [*with the approval of*] **in consultation with** the De-
 18 partment of Revenue. The Department of Revenue [*shall be*] **is** responsible for determining **the**
 19 **district's compliance with this subsection.**

20 **(2) Each community college district shall prepare the estimates of expenditures required**
 21 **under ORS 294.352 in accordance with the classification of revenue and expenditure accounts**
 22 **prescribed by the Department of Community Colleges and Workforce Development in con-**
 23 **sultation with the Department of Revenue. The Department of Revenue is responsible for**
 24 **determining the district's compliance with this subsection.**

25 [(2) *The term "organizational unit" shall not apply to hospitals, school districts, education service*
 26 *districts and community colleges in preparing estimates of expenditures under ORS 294.352 or making*
 27 *appropriations under ORS 294.435. The term "organizational unit" shall not apply to hospitals in*
 28 *preparing the budget summary required by ORS 294.416.*]

29 (3) Notwithstanding ORS 294.352 [(5)] (2), each municipal corporation [*which*] **that** operates a
 30 public utility or hospital shall prepare [its] estimates for [*such*] **the operations of each public utility**
 31 **or hospital** in accordance with:

32 (a) The **applicable** generally accepted system of accounts for [*such operation*] **the operations;**
 33 or [*in accordance with*]

34 (b) The general system of accounts [*contained in ORS 294.311 to 294.520*] **in ORS 294.305 to**
 35 **294.565.**

36 **SECTION 4.** ORS 294.371 is amended to read:

37 294.371. A municipal corporation may include in its budget an estimate of unappropriated ending
 38 fund balance for each fund, for use in the fiscal period following that for which the budget is being
 39 prepared. The estimate authorized by this section represents cash or net working capital which will
 40 be carried over into the year following the ensuing fiscal year or ensuing budget period for which
 41 the budget is being prepared. It shall not in any way reduce the cash balance or net working capital
 42 which becomes part of the budget resources provided in ORS 294.361 (1) to (3). The unappropriated
 43 ending fund balance authorized by this section shall become a budget resource at the close of the
 44 ensuing fiscal year or ensuing budget period for the succeeding year or budget period. Except as
 45 provided in ORS 294.326 [(3)] (2) and 294.455, no appropriation [*nor*] **or** expenditure shall be made

1 in the year or budget period for which the budget is applicable for the amount estimated pursuant
 2 to this section.

3 **SECTION 5.** ORS 294.391 is amended to read:

4 294.391. A budget message shall be prepared by or under the direction of the executive officer
 5 of the municipal corporation or, where no executive officer exists, by or under the direction of the
 6 presiding officer of the governing body. The budget message shall be delivered at a meeting of the
 7 budget committee as provided in ORS 294.401 (1). The budget message shall:

8 (1) Explain the budget document;

9 (2) Contain a brief description of the proposed financial policies of the municipal corporation for
 10 the ensuing year or ensuing budget period;

11 (3) Describe in connection with the financial policies of the municipal corporation, the important
 12 features of the budget document;

13 (4) Set forth the reason for salient changes from the previous year or budget period in appro-
 14 priation and revenue items; *[and]*

15 (5) Explain the major changes in financial policy; **and**

16 **(6) Set forth any change contemplated in the municipal corporation's basis of accounting**
 17 **and explain the reasons for the change and the effect of the change on the operations of the**
 18 **municipal corporation.**

19 **SECTION 6.** ORS 294.401 is amended to read:

20 294.401. (1) The budget committee **established under ORS 294.336** shall hold one or more
 21 meetings for the following purposes:

22 (a) Receiving the budget message **prepared under ORS 294.391** and the budget document; and

23 (b) Providing members of the public with an opportunity to ask questions about and comment
 24 *[upon]* **on** the budget document.

25 (2)(a) *[When]* **If a budget committee holds** more than one meeting *[of the budget committee is*
 26 *held]* under subsection (1) of this section, **the budget message and the budget document must**
 27 **be received at** the first meeting *[shall be the meeting at which the budget message and the budget*
 28 *document are received by the budget committee].*

29 **(b) If** the budget committee *[may]* **does not** provide members of the public with an opportunity
 30 to ask questions about and comment *[upon]* **on** the budget document at the first meeting *[of the*
 31 *budget committee. If such opportunity is not provided at the first meeting],* the budget committee
 32 *[shall]* **must** provide the public with the opportunity *[to ask questions and make comments upon the*
 33 *budget document at subsequent meetings]* **at a subsequent meeting.**

34 (3)(a) **Except as provided in paragraph (b) of this subsection,** the budget officer **designated**
 35 **under ORS 294.331** shall publish prior notice of each meeting of the budget committee held *[for the*
 36 *purpose of satisfying the requirements of]* **pursuant to** subsection (1) of this section. The *[published]*
 37 notice *[shall]* **must** contain the information *[required under]* **described in** subsection (4) of this
 38 section **and must be published by one of the methods described in subsection (5) of this sec-**
 39 **tion.** *[However:]*

40 *[(a)]* **(b)(A) If the budget committee holds** more than one meeting *[of the budget committee is*
 41 *held for the purpose of meeting the requirements of subsection (1)]* **for the purposes described in**
 42 **subsection (1)** of this section, the budget officer may publish a *[single notice containing the required*
 43 *information]* **combined notice** for all *[of]* the meetings. *[to be held for the purpose of meeting the re-*
 44 *quirements of subsection (1) of this section; and]*

45 *[(b)]* **(B) If** the budget committee holds *[two or more meetings under]* **more than one meeting**

1 **for the purpose described in** subsection (1)(b) of this section, [*for the purpose of taking questions*
2 *and comments from the public, then:*]

3 [(A)] **the budget officer may publish notice of** only [*notice of*] the first meeting [*held for the*
4 *purpose of taking questions and comments from the public need be published in accordance with the*
5 *requirements of this subsection, and notice of any subsequent meeting held for the purpose of taking*
6 *questions and comments from the public*]. **Notice of subsequent meetings** may be given as provided
7 in ORS 294.406 (2)[; *and*].

8 [(B)] If notice is published for a meeting [*to be held for the purpose of taking questions and*
9 *comments from the public*] **under this subparagraph** and it is subsequently determined that the
10 meeting is [*not needed*] **unnecessary**, notice of cancellation of the meeting [*shall*] **must** be published
11 as provided in ORS 294.406 (2).

12 (4) [*A notice meets the requirements of this subsection when it states*] **The notice required under**
13 **subsection (3) of this section must state:**

14 (a) The purpose, time and place of the meeting or meetings [*to which the notice relates*] and the
15 place where the budget document is available;

16 (b) That the meeting is a public meeting where deliberations of the budget committee will take
17 place; and

18 (c) If the meeting described in the notice is a meeting at which the budget committee will re-
19 ceive questions and comments from members of the public, that any person may ask questions about
20 and comment on the budget document at that time.

21 (5)(a) [*When notice of a meeting of the budget committee*] **If the notice required under sub-**
22 **section (3) of this section** is published **only** by publication in a newspaper, the notice [*satisfies the*
23 *requirements of this section if the notice is published on not fewer than two occasions separated by at*
24 *least five days, with the first publication not earlier*] **must be published at least two separate**
25 **times, not more** than 30 days [*prior to*] **before** the meeting date and [*the final publication not*
26 *later*] **not less** than five days [*prior to*] **before** the meeting date.

27 (b) **The notice may be published once in a newspaper, not more than 30 days before the**
28 **meeting date and not less than five days before the meeting date, and once on the municipal**
29 **corporation's Internet website, in a prominent manner and maintained on the website for**
30 **at least 10 days before the meeting date. The newspaper notice must contain the Internet**
31 **website address at which the notice is posted.**

32 (c) [*When notice of a meeting of the budget committee*] **If the notice** is published by mailing or
33 [*by*] hand delivery, the notice [*satisfies the requirements of this section if the notice is*] **must be** placed
34 with the United States Postal Service or hand delivered not [*later*] **less** than 10 days [*prior to*] **be-**
35 **fore** the meeting date.

36 (6)(a) At any time [*prior to the meeting of the budget committee at which the budget committee*
37 *will receive the budget message and the budget document*] **before the first meeting required under**
38 **subsection (1) of this section**, the budget officer may provide [*a*] **one** copy of the budget document
39 to each member of the budget committee **solely** for the information and use of the individual [*mem-*
40 *ber*] **members. The budget committee may not deliberate on the budget document as a body**
41 **before the first meeting.**

42 [(7)] (b) [*Except when copies of the budget document were provided to the members of the budget*
43 *committee under subsection (6) of this section, the budget officer shall submit to the members of the*
44 *budget committee the budget document*] **If the budget officer does not provide copies of the budget**
45 **document to the members of the budget committee under paragraph (a) of this subsection,**

1 **the budget officer shall provide copies** at the first meeting *[held]* **required** under subsection (1)
 2 of this section *[for their use and consideration]*.

3 *[(8)]* (7) The budget officer shall file a copy of the budget document in the office of the governing
 4 body of the municipal corporation immediately following presentation of the budget document to the
 5 members of the budget committee under subsection (6) *[or (7)]* of this section. The copy *[shall*
 6 *become]* **is a public record of the municipal corporation.**

7 *[(9)]* (8) The governing body *[shall either provide the means of duplicating the budget or part*
 8 *thereof, in those situations where the budget document or portion thereof may be quickly reproduced,*
 9 *or shall provide copies of the budget document or part thereof so that a copy of the budget document*
 10 *or part thereof may be readily obtained by any individual interested in the affairs of the municipal*
 11 *corporation]* **of the municipal corporation must provide to individuals upon request a copy of**
 12 **the budget document or the means of readily obtaining a copy of the budget document.**

13 **SECTION 7.** ORS 294.411 is amended to read:

14 294.411. (1) A municipal corporation *[having]* **that has** a population not exceeding 200,000, **is**
 15 located in a county having a tax supervising and conservation commission, *[not making]* **has not**
 16 **made** an election under ORS 294.625 (2) and **has not** *[submitting]* **submitted** its **approved** budget
 17 document to the tax supervising and conservation commission for a public hearing pursuant to ORS
 18 294.430 (3) shall submit its approved budget document to the tax supervising and conservation
 19 commission in the county at least 30 days *[prior to]* **before** the date of the public hearing in ac-
 20 cordance with ORS 294.430.

21 **(2) A municipal corporation that has a population exceeding 200,000, or a municipal cor-**
 22 **poration that has a population not exceeding 200,000, has not made an election under ORS**
 23 **294.625 (2) and requests the tax supervising and conservation commission to conduct the**
 24 **public hearing described in ORS 294.430, shall submit its approved budget document to the**
 25 **tax supervising and conservation commission in the county at least 20 days before the date**
 26 **of the public hearing in accordance with ORS 294.430.**

27 **(3) [If its territory lies in two or more counties, the municipal corporation shall submit its budget**
 28 **to the commission]** If the real market value of all property subject to taxation by *[the]* **a** municipal
 29 corporation in *[the]* **a** county having a **tax supervising and conservation** commission is greater
 30 than the real market value of all property subject to taxation by the municipal corporation in any
 31 other county*]. Real market value is], the municipal corporation shall submit its approved budget*
 32 **document to the tax supervising and conservation commission pursuant to subsection (1) or**
 33 **(2) of this section. As used in this subsection, “real market value” means** the real market
 34 value computed according to ORS 308.207 from the assessment rolls last in the process of collection.

35 *[(2) Before adopting the budget, the governing body for a municipal corporation that submits its*
 36 *approved budget to the commission as described in subsection (1) of this section shall consider and take*
 37 *appropriate action on any orders, recommendations or objections made by the tax supervising and*
 38 *conservation commission.]*

39 **(4) Upon timely application in writing by a municipal corporation, a tax supervising and**
 40 **conservation commission may for good cause allow the municipal corporation to submit its**
 41 **approved budget document later than required under subsections (1) and (2) of this section.**

42 **SECTION 8.** ORS 294.416 is amended to read:

43 294.416. *[Except as provided in ORS 294.418, there shall be published, as provided in ORS*
 44 *294.421:]*

45 *[(1) A summary of the budget as approved by the budget committee and compared with the actual*

1 *expenditures and budget resources of the preceding year or preceding budget period and the budget*
 2 *summary of the current year or current budget period in accordance with forms prescribed by the De-*
 3 *partment of Revenue in the manner provided in ORS 294.413. The summary shall be of sufficient detail*
 4 *to inform the citizens of the municipal corporation of the proposed financial plan for the ensuing year*
 5 *or ensuing budget period. As a minimum requirement, the personnel services, the major expense items*
 6 *under materials and services and capital outlay for each organizational unit or activity of each fund*
 7 *and the major items for debt service, special payments, and operating contingencies for each fund shall*
 8 *be listed separately. The summary shall show the major items of budget resources. As used in this*
 9 *subsection, the term "program" may be substituted for the term "organizational unit" for municipal*
 10 *corporations which prepare program budgets.]*

11 *[(2) The financial summary prepared under ORS 294.386 for the ensuing year or ensuing budget*
 12 *period and for the current year or current budget period.]*

13 *[(3) A notice of the time and place at which the budget document as approved by the budget com-*
 14 *mittee may be discussed with the governing body.]*

15 *[(4) A statement that the budget is prepared in accordance with the basis of accounting used in the*
 16 *preceding year or preceding budget period unless a change in the basis of accounting is anticipated.*
 17 *If a change in the basis of accounting is to be made, there shall be an explanation of the change and*
 18 *the effects of the change.]*

19 *[(5) A notice of the place where the complete budget document is available for inspection by the*
 20 *general public during regular business hours and where copies of the complete budget document may*
 21 *be obtained.]*

22 **(1) Not more than 30 days and not less than five days before the meeting of the governing**
 23 **body of a municipal corporation under ORS 294.430, a notice of the meeting and a financial**
 24 **summary of the budget as approved by the budget committee and compared with the actual**
 25 **expenditures and budget resources of the preceding year or preceding budget period and the**
 26 **budget summary of the current year or current budget period must be published at least**
 27 **once. The notice and financial summary may be published in accordance with forms pre-**
 28 **scribed by the Department of Revenue or in a narrative format that includes all the infor-**
 29 **mation required under subsections (2) to (8) of this section.**

30 **(2) Except as provided in section 10 of this 2011 Act, the financial summary required**
 31 **under subsection (1) of this section must state separately the total amount of resources in-**
 32 **cluded in the budget in each of the following categories:**

33 **(a) Beginning fund balance or net working capital;**

34 **(b) Income from fees, licenses, permits, fines, assessments and all other service charges**
 35 **imposed by the municipal corporation;**

36 **(c) Property taxes approved by the budget committee for the ensuing year, or as in-**
 37 **creased by the governing body of the municipal corporation as provided in ORS 294.435;**

38 **(d) Federal, state and other grants, gifts, allocations and donations;**

39 **(e) Proceeds from bonds and other borrowings;**

40 **(f) Interfund revenue transfers and reimbursements for internal services; and**

41 **(g) The total of all other budget resources.**

42 **(3) Except as provided in section 10 of this 2011 Act, the financial summary required**
 43 **under subsection (1) of this section must state separately the total amount of expenditures**
 44 **and other requirements included in the budget in each of the following categories:**

45 **(a) Personnel services;**

1 (b) Materials and services;

2 (c) Capital outlay;

3 (d) Debt service;

4 (e) Special payments;

5 (f) Interfund revenue transfers;

6 (g) Operating contingencies; and

7 (h) Unappropriated ending fund balance and reserves.

8 (4)(a) The financial summary required under subsection (1) of this section must state the
9 estimated total amount of expenditures and other requirements and the estimated total
10 number of employees stated in full-time equivalent positions for the ensuing year or ensuing
11 budget period for each organizational unit or program of the municipal corporation.

12 (b) For purposes of this subsection, "organizational unit" does not apply to hospitals.

13 (5)(a) A financial summary in narrative format published pursuant to subsection (1) of
14 this section must describe the prominent changes from the current year or current budget
15 period in the activities and financing of the major organizational units or major programs.

16 (b) For purposes of this subsection, "organizational unit" does not apply to hospitals.

17 (6) The financial summary required under subsection (1) of this section must state the
18 municipal corporation's operating tax rate or amount and the rate or amount of all other
19 ad valorem property taxes to be certified to the assessor, including separate rates or
20 amounts for local option taxes and ad valorem property taxes for meeting payments on bond
21 principal and interest and for meeting other obligations of the municipal corporation de-
22 scribed in section 11 (5), Article XI of the Oregon Constitution. Tax rates must be stated as
23 a rate per thousand dollars of assessed value.

24 (7) The following statements must be published with the financial summary required
25 under subsection (1) of this section:

26 (a) A classified statement of outstanding indebtedness excluding indebtedness that has
27 been defeased as provided in ORS 287A.195; and

28 (b) A classified statement of all indebtedness authorized but not incurred.

29 (8) The meeting notice required under subsection (1) of this section must:

30 (a) State the time and place of the budget hearing at which the approved budget docu-
31 ment may be discussed with the governing body of the municipal corporation;

32 (b) State the place where the complete budget document is available during regular
33 business hours for inspection by the general public and where and when copies of the com-
34 plete budget document may be obtained;

35 (c) State that the budget has been prepared in accordance with the basis of accounting
36 used in the preceding year or preceding budget period unless a change in the basis of ac-
37 counting is anticipated; and

38 (d) If a change in the basis of accounting is to be made, explain the change and the ef-
39 fects of the change.

40 (9) The Department of Revenue may adopt rules to implement the provisions of this
41 section.

42 SECTION 9. Section 10 of this 2011 Act is added to and made a part of ORS 294.305 to
43 294.565.

44 SECTION 10. (1) For a school district or an education service district, the financial
45 summary required under ORS 294.416 (1) must state separately the total amount of resources

1 included in the budget in each of the following categories:

- 2 (a) Beginning fund balance;
- 3 (b) Property taxes other than local option taxes;
- 4 (c) Local option taxes;
- 5 (d) Local sources;
- 6 (e) Intermediate sources;
- 7 (f) State sources;
- 8 (g) Federal sources;
- 9 (h) Interfund revenue transfers; and
- 10 (i) The total of all other budget resources.

11 (2) For a school district or an education service district, the financial summary required
 12 under ORS 294.416 (1) must state separately the total amount of expenditures and other re-
 13 quirements included in the budget in each of the following objects:

- 14 (a) Salaries;
- 15 (b) Associated payroll cost;
- 16 (c) Purchased services;
- 17 (d) Supplies and materials;
- 18 (e) Capital outlay;
- 19 (f) Other objects other than debt service;
- 20 (g) Debt service;
- 21 (h) Interfund transfers;
- 22 (i) Operating contingencies; and
- 23 (j) Unappropriated ending fund balance and reserves.

24 (3) For a school district or an education service district, the financial summary required
 25 under ORS 294.416 (1) must state separately the total amount of expenditures and other re-
 26 quirements and the total number of employees stated in full-time equivalent positions in-
 27 cluded in the budget in each of the following functions:

- 28 (a) Instruction;
- 29 (b) Support services;
- 30 (c) Enterprise and community services;
- 31 (d) Facilities acquisition and construction;
- 32 (e) Other uses other than debt service and interfund transfers;
- 33 (f) Debt service;
- 34 (g) Interfund transfers;
- 35 (h) Operating contingencies; and
- 36 (i) Unappropriated ending fund balance and reserves.

37 (4) For a community college district, the financial summary required under ORS 294.416
 38 (1) must state separately the total amount of resources included in the budget in each of the
 39 following categories:

- 40 (a) Beginning fund balance;
- 41 (b) Property taxes other than local option taxes;
- 42 (c) Local option taxes;
- 43 (d) Tuition and fees;
- 44 (e) Other local sources;
- 45 (f) State sources;

- 1 (g) Federal sources;
- 2 (h) Interfund revenue transfers; and
- 3 (i) The total of all other budget resources.

4 (5) For a community college district, the financial summary required under ORS 294.416
 5 (1) must state separately the total amount of expenditures and other requirements and the
 6 total number of employees stated in full-time equivalent positions included in the budget in
 7 each of the following functions:

- 8 (a) Instruction;
- 9 (b) Instructional support;
- 10 (c) Student services other than student loans and financial aid;
- 11 (d) Student loans and financial aid;
- 12 (e) Community services;
- 13 (f) College support services other than facilities acquisition and construction;
- 14 (g) Facilities acquisition and construction;
- 15 (h) Interfund transfers;
- 16 (i) Other objects;
- 17 (j) Operating contingencies; and
- 18 (k) Unappropriated ending fund balance and reserves.

19 **SECTION 11.** ORS 294.421 is amended to read:

20 294.421. [(1) Subject to subsections (3) to (6) of this section, the summary of the budget document
 21 approved by the budget committee shall be published at least once prior to the time appointed for the
 22 proposed meeting of the governing body in accordance with ORS 294.430.]

23 [(2) Subject to subsections (3) to (6) of this section, the notice of the time and place at which the
 24 budget document as approved by the budget committee may be discussed shall be published by one or
 25 more of the methods described in ORS 294.311 (35) not less than five days and not more than 30 days
 26 prior to the date of the meeting required by ORS 294.430.]

27 [(3) If no newspaper is published in the municipal corporation, a municipal corporation whose ag-
 28 gregate of estimated budget expenditures for the ensuing fiscal year does not exceed \$50,000 or for the
 29 ensuing budget period does not exceed \$100,000 may, in lieu of the publication and notice provided in
 30 subsections (1) and (2) of this section and in lieu of publication by one or more of the methods described
 31 in ORS 294.311 (35), post the summaries and notices provided by ORS 294.416 or 294.418 in three
 32 conspicuous places in the municipal corporation for at least 20 days prior to the date of the meeting
 33 provided in ORS 294.430 and publish the notice provided by subsection (4) of this section.]

34 [(4) If notice is given as provided in subsection (3) of this section, the municipal corporation shall
 35 publish, by one or more of the methods described in ORS 294.311 (35), a notice of the following:]

36 [(a) The date, time and place of the meeting provided by ORS 294.430;]

37 [(b) The place where the complete budget document is available for inspection by the general public
 38 during regular office hours;]

39 [(c) Total budget requirements and taxes proposed to be levied;]

40 [(d) Changes in the amount or rate of proposed ad valorem property taxes; and]

41 [(e) The place where copies of the complete budget or parts thereof may be obtained.]

42 [(5) The notice provided in subsection (4) of this section shall be published not less than five days
 43 and not more than 30 days prior to the date of the meeting provided in ORS 294.430.]

44 [(6) A municipal corporation having a population exceeding 200,000 inhabitants, or a municipal
 45 corporation with 200,000 or fewer inhabitants that has not made an election under ORS 294.625 (2) and

1 that requests the tax supervising and conservation commission to conduct the public hearing outlined
 2 in ORS 294.430, shall, in lieu of the publication and notice prescribed in subsection (1) of this section,
 3 submit its budget document, as approved by the budget committee, to the tax supervising and conser-
 4 vation commission within its county, if there is such a commission, at least 20 days prior to the legal
 5 date of the public hearing before the tax supervising and conservation commission on the budget, and
 6 the budget document shall thereupon be open to inspection by any taxpayer or citizen. The municipal
 7 corporation shall also publish a notice as provided in subsections (4) and (5) of this section.]

8 (1) **If no newspaper is published in a municipal corporation the aggregate estimated**
 9 **budget expenditures of which do not exceed \$100,000 for the ensuing fiscal year or \$200,000**
 10 **for the ensuing budget period, the municipal corporation may post the notice of the meeting**
 11 **and financial summary of the budget required under ORS 294.416 (1) in three conspicuous**
 12 **places in the municipal corporation for at least 20 days before the date of the meeting re-**
 13 **quired under ORS 294.430.**

14 (2) **Notwithstanding ORS 294.416, a municipal corporation having a population exceeding**
 15 **200,000 and located in a county having a tax supervising and conservation commission or a**
 16 **municipal corporation having a population not exceeding 200,000 that has not made an**
 17 **election under ORS 294.625 (2) and that requests the tax supervising and conservation com-**
 18 **mission to conduct the public hearing described in ORS 294.430 shall, not less than five days**
 19 **and not more than 30 days before the date of the meeting required under ORS 294.430, pub-**
 20 **lish a notice stating:**

21 (a) **The date, time and place of the meeting required under ORS 294.430;**

22 (b) **The place where the complete budget document is available during regular business**
 23 **hours for inspection by the general public;**

24 (c) **Total budget requirements and taxes to be levied;**

25 (d) **Changes in the amount or rate of proposed ad valorem property taxes; and**

26 (e) **The place where copies of the complete budget or parts of the complete budget may**
 27 **be obtained.**

28 **SECTION 12.** ORS 294.430 is amended to read:

29 294.430. (1) Except as provided in subsections (2) and (3) of this section, the governing body of
 30 a municipal corporation shall meet at the time and place designated in the notice of meeting re-
 31 quired [by] **under** ORS 294.416 for the purpose of holding a public hearing on the budget document
 32 as approved by the budget committee. At the meeting any person may appear for or against any item
 33 in the **approved** budget document.

34 (2) [Each] **A** municipal corporation having a population exceeding 200,000 and located in a
 35 county having a tax supervising and conservation commission[,] shall[, *in lieu of the meeting provided*
 36 *for in subsection (1) of this section,*] submit its budget document to the tax supervising and conser-
 37 vation commission of the county **under ORS 294.411 (2)**. The governing body of [such] **the** municipal
 38 corporation or its representatives shall meet with the taxpayers [thereof] **of the municipal corpo-**
 39 **ration** at a public hearing to be called and conducted by the tax supervising and conservation
 40 commission.

41 (3) [Any] **A** municipal corporation [having] **that has** a population not exceeding 200,000 and **is**
 42 located in a county having a tax supervising and conservation commission[,] may[, *in lieu of the*
 43 *meeting provided for in subsection (1) of this section,*] submit its **approved** budget document to the
 44 tax supervising and conservation commission of the county **under ORS 294.411 (1)** for a public
 45 hearing. The governing body of [such] **the** municipal corporation or its representatives shall meet

1 with the taxpayers *[thereof]* **of the municipal corporation** at a public hearing to be called and
 2 conducted by the tax supervising and conservation commission.

3 *[(4) If its territory lies in two or more counties, a municipal corporation subject to subsection (2)*
 4 *of this section shall, and a municipal corporation subject to subsection (3) of this section may, submit*
 5 *its budget document to the tax supervising and conservation commission for public hearing If the real*
 6 *market value of all property subject to taxation by the municipal corporation in the county with a*
 7 *commission is greater than the real market value of all property subject to taxation by the municipal*
 8 *corporation in any other county. Real market value is the real market value computed according to*
 9 *ORS 308.207 from the assessment rolls last in the process of collection.]*

10 **SECTION 13.** ORS 294.435 is amended to read:

11 294.435. (1)(a) After the public hearing *[provided for in]* **required under** ORS 294.430 (1) *[has*
 12 *been held]* **and consideration of matters discussed at the public hearing,** the governing body **of**
 13 **a municipal corporation** shall enact the *[proper]* ordinances or resolutions **necessary** to adopt the
 14 budget, to make the appropriations, to determine, make and declare the ad valorem property tax
 15 amount or rate to be certified to the assessor for either the ensuing year or each of the years of the
 16 ensuing budget period and to itemize and categorize the ad valorem property tax amount or rate as
 17 *[provided in]* **required under** ORS 310.060. *[Consideration shall be given to matters discussed at the*
 18 *public hearing.]*

19 **(b) The governing body may amend** the budget estimates and proposed ad valorem property
 20 tax amount or rate *[as shown]* in the budget document *[may be amended prior to]* **before** adoption
 21 **under paragraph (a) of this subsection** and *[may also be amended by the governing body*
 22 *following]* **after** adoption if *[such]* **the post-adoption** amendments are adopted prior to the com-
 23 mencement of the fiscal year or budget period to which the budget relates. *[However,]*

24 **(c) Notwithstanding paragraph (b) of this subsection, unless the amended budget docu-**
 25 **ment is republished pursuant to ORS 294.416 or 294.421 in the same manner as the original**
 26 **budget and another public hearing is held pursuant to ORS 294.430 (1), or except to the extent**
 27 **ad valorem property taxes may be increased under ORS 294.437:**

28 **(A)** The amount of estimated expenditures for each fund in an annual budget may not be in-
 29 creased by more than \$5,000 or 10 percent of the estimated expenditures, whichever is greater[,
 30 and];

31 **(B)** The amount of estimated expenditures for each fund in a biennial budget may not be in-
 32 creased by more than \$10,000 or 10 percent of the estimated expenditures, whichever is greater[.];
 33 and

34 **(C)** The amount or rate of the total ad valorem property taxes to be certified by the municipal
 35 corporation to the assessor may not exceed the amount approved by the budget committee[.].

36 *[(a) Unless the amended budget document is republished as provided by ORS 294.416 or 294.418*
 37 *and 294.421 for the original budget and another public hearing is held as provided by ORS 294.430*
 38 *(1); or]*

39 *[(b) Except to the extent ad valorem property taxes may be increased pursuant to ORS 294.437.]*

40 (2)(a) After *[the]* **a public hearing** *[provided for in]* **under** ORS 294.430 (2) or (3) *[has been held*
 41 *and], receipt of* the certification of the tax supervising and conservation commission *[received, if*
 42 *such certification is required], if required, and consideration of any orders, recommendations*
 43 **or objections made by the tax supervising and conservation commission in accordance with**
 44 **law,** the governing body **of a municipal corporation** shall enact the *[proper]* ordinances or resolu-
 45 tions **necessary** to adopt the budget, to make the appropriations, to determine, make and declare

1 the ad valorem property tax amount or rate for either the ensuing fiscal year or each of the fiscal
 2 years of the ensuing budget period and to itemize and categorize the ad valorem property tax
 3 amount or rate as *[provided in]* **required under** ORS 310.060. *[Consideration shall be given any or-*
 4 *ders, recommendations or objections made by the tax supervising and conservation commission in ac-*
 5 *cordance with law.]*

6 **(b)** The action taken **by the governing body under paragraph (a) of this subsection** on each
 7 order, recommendation or objection *[after such consideration by the governing body]* **made by the**
 8 **commission**, with the reasons for *[such]* **the** action, *[shall]* **must** be included in the ordinance or
 9 resolution adopting the budget.

10 **(c)** **The governing body shall send** a certified copy of the ordinance or resolution *[shall be*
 11 *sent]* to the commission within 15 days after the date the ordinance or resolution is adopted.

12 **(d)** **The governing body may amend** the budget estimates, appropriations and ad valorem
 13 property tax amount or rate *[as shown]* in the budget document *[may be amended prior to]* **before**
 14 adoption **under paragraph (a) of this subsection** and *[may also be amended by the governing body*
 15 *following]* **after** adoption if *[such]* **the post-adoption** amendments are adopted prior to the com-
 16 mencement of the fiscal year or budget period to which the budget relates. *[However,]*

17 **(e)** **Notwithstanding paragraph (d) of this subsection, unless the amended budget docu-**
 18 **ment is resubmitted to the tax supervising and conservation commission for another public**
 19 **hearing and for recommendations or objections of the commission, or except to the extent**
 20 **ad valorem property taxes may be increased under ORS 294.437:**

21 **(A)** The amount of estimated expenditures for each fund **in an annual budget** may not be in-
 22 creased by more than \$5,000 or 10 percent of the estimated expenditures, whichever is greater[.];

23 **(B)** The amount of estimated expenditures for each fund in a biennial budget may not be in-
 24 creased by more than \$10,000 or 10 percent of the estimated expenditures, whichever is greater[.];
 25 and

26 **(C)** The amount or rate of the total ad valorem property taxes to be certified by the municipal
 27 corporation to the assessor may not exceed the amount shown in the budget document at the time
 28 of the budget hearing[:].

29 *[(a) Unless the amended budget document is resubmitted to the tax supervising and conservation*
 30 *commission for another public hearing, and for recommendations or objections of that body; or]*

31 *[(b) Except to the extent ad valorem property taxes may be increased pursuant to ORS 294.437.]*

32 **(3)(a)** **Except as provided in subsections (4) and (5) of this section,** the appropriations re-
 33 quired *[by]* **under** subsections (1) and (2) of this section *[shall, as a minimum,]* **must** contain:

34 **(A)** One amount for each organizational unit or program of each fund[.] **that is the total of**
 35 **all amounts for personnel services, materials and services and capital outlay attributable to**
 36 **the organizational unit or program; and**

37 **(B)** *[In addition,]* Separate amounts *[shall be appropriated]* in each fund for **operating expenses**
 38 **for personnel services, materials and services and capital outlay that cannot be allocated to**
 39 **a particular organizational unit or program and for** debt service, special payments, interfund
 40 revenue transfers[, *capital outlay, operating expenses which cannot be allocated to an organizational*
 41 *unit or program]* and operating contingencies.

42 **(b)** *[If the governing body so desires, it may appropriate]* Separate amounts for activities within
 43 an organizational unit or program **may be appropriated separately.**

44 **(c)** For *[those municipal corporations where the term]* **a municipal corporation to which the**
 45 **terms “organizational unit”** *[has no application]* **and “program” do not apply,** the appropriations

1 *[shall]* **must** contain separate amounts for *[personal]* **personnel** services, materials and services,
 2 capital outlay, debt service, special payments, interfund revenue transfers and operating
 3 *[contingency]* **contingencies** for each fund.

4 **(4) For a school district or an education service district, the appropriations required un-**
 5 **der subsections (1) and (2) of this section must contain separate amounts in each major fund**
 6 **for each major function, as prescribed by the Department of Education in consultation with**
 7 **the Department of Revenue, including instruction, support services, enterprise and commu-**
 8 **nity services, facilities acquisition and construction, interfund revenue transfers, debt ser-**
 9 **vice and operating contingencies.**

10 **(5) For a community college district, the appropriations required under subsections (1)**
 11 **and (2) of this section must contain separate amounts for:**

12 **(a) Each major function, as prescribed by the Department of Community Colleges and**
 13 **Workforce Development in consultation with the Department of Revenue, including instruc-**
 14 **tion, instructional support, student services, community services, college support services,**
 15 **interfund transfers, debt service and operating contingencies;**

16 **(b) Each major function as required under subsection (4) of this section; or**

17 **(c) Each program or each object classification required under subsection (3) of this sec-**
 18 **tion.**

19 *[(4)]* **(6) [Thereafter] Except as provided in ORS 294.326, 294.440, 294.450 and 294.480 and**
 20 **sections 18 and 22 of this 2011 Act, after the governing body has enacted the ordinances or**
 21 **resolutions necessary to adopt the budget as required under this section, [no greater] an ex-**
 22 **penditure, or encumbrance if encumbrance accounting is used, of public money [shall] may not**
 23 **be made for any [specific] purpose [other] in an amount greater than the amount appropriated [therefor**
 24 **except as provided in ORS 294.326, 294.440, 294.450 and 294.480].**

25 *[(5)]* **(7) [The determination of] The governing body of a municipal corporation shall record**
 26 **the amount or rate of ad valorem property taxes to be certified [shall be entered in the proper records**
 27 **of the governing body] and the purposes for which the taxes will be used.** Except as provided in
 28 ORS 294.437, *[no greater tax than that so entered upon the record shall be certified by]* the municipal
 29 corporation *[proposing the tax]* **may not certify ad valorem property taxes in an amount or rate**
 30 **greater than the amount or rate recorded** for the *[purpose or]* purposes indicated.

31 *[(6) Nothing contained in this section shall preclude a governing body during the fiscal year or*
 32 *budget period by appropriate ordinance or resolution, after public hearing, from adjusting budgeted*
 33 *resources and reducing appropriations to reflect a decrease in available resources.]*

34 *[(7)(a)]* **(8)(a) The governing body of a municipal corporation shall determine, make and de-**
 35 **clare ad valorem property taxes under subsections (1) and (2) of this section as a rate per \$1,000**
 36 **of assessed value if the taxes are operating taxes or rate-based local option taxes [as a rate per**
 37 **\$1,000 of assessed value].**

38 **(b) The governing body shall determine, make and declare ad valorem property taxes under**
 39 **subsections (1) and (2) of this section as an amount if the taxes are [being] certified as amount-based**
 40 **local option taxes, to pay principal and interest on exempt bonded indebtedness or to pay other**
 41 **government obligations described in section 11 (5), Article XI of the Oregon Constitution.**

42 **SECTION 14.** ORS 294.440 is amended to read:

43 294.440. *[Whenever the board of directors of any school district or the board of education of any*
 44 *community college district has declared the existence of an emergency necessitating a greater expendi-*
 45 *ture of public money for any specific purpose or purposes than the amount appropriated therefor in*

1 order to provide or maintain and operate, or both, adequate school or college facilities, supplies and
 2 personnel for the proper instruction of the pupils who are attending or will attend the public schools
 3 or college within such district during the remainder of the budget year, such board may make excess
 4 expenditures for such specific purpose or purposes beyond the amount appropriated therefor to the ex-
 5 tent that all funds for such excess expenditures are:]

6 [(1) Advanced or committed to such district by apportionment, grant, contribution or allocation
 7 from the United States, or any agency thereof. In connection therewith, the district may enter into and
 8 carry out any plan of financing sponsored by the United States, or any agency thereof, upon such terms
 9 and conditions and subject to such lawful rules and regulations as may be prescribed by the United
 10 States, or a proper agency thereof;]

11 [(2) Made available to a common or union high school district by the education service district
 12 board from an emergency aid fund established under ORS 334.370.]

13 **(1)(a) The board of directors of a school district or the board of education of a community**
 14 **college district may not make an emergency expenditure for specific purposes that is greater**
 15 **than the amount appropriated for the purposes under ORS 294.435 unless the board:**

16 **(A) Declares the existence of an emergency necessitating a greater expenditure of public**
 17 **money for one or more of the purposes described in subsection (2) of this section; and**

18 **(B) Adopts a resolution appropriating funds for the emergency expenditure.**

19 **(b) An emergency expenditure under paragraph (a) of this subsection is allowable to the**
 20 **extent that all funds for the emergency expenditure are:**

21 **(A) Advanced or committed to the district by apportionment, grant, contribution or al-**
 22 **location from the United States or an agency of the United States; or**

23 **(B) Made available to a common or union high school district by the education service**
 24 **district board from an emergency aid fund established under ORS 334.370.**

25 **(2) A school district or a community college district may appropriate an emergency ex-**
 26 **penditure under this section for the specific purposes of providing, maintaining and operating**
 27 **school or college facilities, supplies and personnel for the instruction of the pupils attending**
 28 **the public schools or college in the district during the remainder of the budget year.**

29 **(3) For purposes of subsection (1)(b)(A) of this section, a school district or community**
 30 **college district may enter into and carry out a plan of financing sponsored by the United**
 31 **States or an agency of the United States upon terms and conditions and subject to rules and**
 32 **regulations prescribed by the United States or the agency.**

33 **SECTION 15.** ORS 294.445 is amended to read:

34 294.445. (1) A municipal corporation shall record its revenues and expenditures, on a fund by
 35 fund basis, using [either] the cash basis, the modified accrual basis or the accrual basis of
 36 accounting, **at the discretion of the municipal corporation.**

37 (2) [The selection of the basis of accounting is left to the discretion of each municipal corporation.
 38 Any change in the basis of accounting shall be clearly set forth in the budget message for the fiscal
 39 year or budget period in which the change is contemplated and the reasons for the change and its effect
 40 on the operations of the municipal corporation shall be explained. Once a new] **The** basis of accounting
 41 [is adopted] **used by a municipal corporation** [, it shall] **must** be [followed] **used** in the **current**
 42 year or period [for which the budget was prepared] and **in** each succeeding year or period
 43 [thereafter] until **the basis is** changed in a subsequent budget.

44 **(3) [Such] A change in a municipal corporation's basis of accounting** must be published as
 45 [provided in] **required under** ORS 294.416 [(3)].

1 **SECTION 16.** ORS 294.450 is amended to read:

2 294.450. Subject to the provisions [*contained in*] **of** the charter of [*any*] **a** city or county or [*in*
3 *any*] **a** law relating to municipal corporations:

4 (1) Except as provided in subsection (2) of this section, transfers of appropriations may be made
5 within a [*given*] fund when authorized by [*official resolution or*] ordinance **or resolution** of the gov-
6 erning body **of a municipal corporation**. The [*resolution or ordinance shall*] **ordinance or resol-**
7 **ution must** state the need for the transfer, the purpose for the authorized expenditure and the
8 amount [*of appropriation*] transferred.

9 (2) Transfers of general operating contingency appropriations [*which*] **that** in aggregate during
10 a fiscal year or budget period exceed 15 percent of the total appropriations of the fund **contained**
11 **in the original budget adopted by the governing body of the municipal corporation for the**
12 **fiscal year or budget period** may be made only after adoption of a supplemental budget prepared
13 for [*that*] **the** purpose. [*All other transfers of general operating contingencies are subject to subsection*
14 *(1) of this section.*]

15 (3) Transfers of appropriations or of appropriations and [*a like*] **an equal** amount of budget re-
16 sources may be made between funds of the municipal corporation when authorized by [*an official*
17 *resolution or*] ordinance **or resolution** of the governing body. The [*resolution or ordinance shall*]
18 **ordinance or resolution must** state the need for the transfer, the purpose for the authorized
19 expenditures [*embodied*] in the appropriation and the amount [*of appropriation*] transferred.

20 (4) [*The transfers referred to in*] This section [*apply*] **applies only** to transfers [*which occur*]
21 **made** after [*the*] **a** budget has been approved and [*which are made*] during the fiscal year or budget
22 period for which the appropriations are made. [*Nothing in this section shall prohibit or regulate*
23 *lawful transfers which have been budgeted in accordance with the local budget law.*]

24 (5) [*When a municipal corporation imposes taxes, fees or charges that, in accordance with appli-*
25 *cable law or an intergovernmental agreement under ORS chapter 190, are required to be paid, on a*
26 *pass-through basis, to another municipal corporation, the municipal corporation that imposes the taxes,*
27 *fees or charges shall include the taxes, fees or charges in its budget and shall appropriate the estimated*
28 *amount generated thereby. The appropriation shall take the form of an expense of the municipal cor-*
29 *poration that imposes the taxes, fees or charges. If the actual amount collected from the taxes, fees or*
30 *charges during a fiscal year or budget period exceeds the estimated amount included in the imposing*
31 *municipal corporation's budget for the fiscal year or budget period, then upon determining that such*
32 *excess exists the municipal corporation imposing the taxes, fees or charges shall appropriate such ex-*
33 *cess by means of a resolution or ordinance of its governing body, and no further action shall be re-*
34 *quired under ORS 294.305 to 294.565 to lawfully budget, appropriate or expend such excess.*]

35 **SECTION 17.** Section 18 of this 2011 Act is added to and made a part of ORS 294.305 to
36 **294.565.**

37 **SECTION 18.** (1) **A municipal corporation imposing taxes, fees or charges that in ac-**
38 **cordance with applicable law or an intergovernmental agreement under ORS chapter 190**
39 **must be paid on a pass-through basis to another municipal corporation shall include the**
40 **taxes, fees or charges in its budget and appropriate the estimated amount generated by the**
41 **taxes, fees or charges.**

42 (2) **The appropriation required under subsection (1) of this section must take the form**
43 **of an expense of the municipal corporation imposing the taxes, fees or charges.**

44 (3) **If the actual amount collected from the taxes, fees or charges during a fiscal year or**
45 **budget period exceeds the estimated amount included in the budget of the municipal corpo-**

1 **ration imposing the taxes, fees or charges for the fiscal year or budget period, upon deter-**
 2 **mining that the excess exists, the governing body of the municipal corporation shall**
 3 **appropriate the excess by means of an ordinance or resolution and no further action is re-**
 4 **quired under ORS 294.305 to 294.565 to budget, appropriate or expend the excess.**

5 **SECTION 19.** ORS 294.455 is amended to read:

6 294.455. *[If property has been involuntarily converted or destroyed during the current year or*
 7 *current budget period or if, as a result of civil disturbance, fire, flood, earthquake or other calamity*
 8 *or natural disaster, it is necessary for a municipal corporation to expend funds, receive grants or bor-*
 9 *row moneys that were not included in the budget for the current year or current budget period, au-*
 10 *thorization of all matters necessary in order for the municipal corporation to receive those grants or*
 11 *borrow those moneys may be made by ordinance or resolution of the governing body, and appropri-*
 12 *ations for the estimated expenditures out of any source of available funds, including but not limited to*
 13 *unappropriated fund balances, shall be made by resolution or ordinance in the same manner as pro-*
 14 *vided in ORS 294.450 (1), or by supplemental budget as provided by ORS 294.480 (3) and (4). When*
 15 *prompt action is necessary to protect the public health or safety following the involuntary conversion*
 16 *or destruction of property or the occurrence of a calamity or natural disaster and]*

17 **(1) As necessary to respond to an emergency situation, the governing body of a municipal**
 18 **corporation may:**

19 **(a) Adopt an ordinance or resolution authorizing the municipal corporation to receive**
 20 **grants or borrow moneys not included in the budget of the municipal corporation for the**
 21 **current year or current budget period; and**

22 **(b) Make appropriations for estimated expenditures out of any source of available funds,**
 23 **including unappropriated fund balances, by ordinance or resolution in the same manner as**
 24 **provided in ORS 294.450 (1), or by supplemental budget as provided in ORS 294.480 (3).**

25 **(2) If** *[it is not practical to convene]* a meeting of the governing body of *[the]* a municipal corpo-
 26 **ration is not practical in an emergency situation,** the chief executive officer of the municipal
 27 corporation may, by written order, authorize the immediate expenditure of funds from any available
 28 source *[to redress the situation that threatens the]* **to respond to a threat to** public health or safety.

29 **(3) As used in this section, “emergency situation” means:**

- 30 **(a) Involuntary conversion or destruction of the property of a municipal corporation;**
- 31 **(b) Civil disturbance;**
- 32 **(c) Natural disaster; or**
- 33 **(d) Any public calamity.**

34 **SECTION 20.** ORS 294.480 is amended to read:

35 294.480. *[(1) Notwithstanding requirements as to estimates of and limitation on expenditures, the*
 36 *governing body of any municipal corporation may make a supplemental budget for the fiscal year or*
 37 *budget period for which the regular budget has been prepared under one or more of the following cir-*
 38 *cumstances:]*

39 *[(a) An occurrence or condition which had not been ascertained at the time of the preparation of*
 40 *a budget for the current year or current budget period which requires a change in financial*
 41 *planning.]*

42 *[(b) A pressing necessity which could not reasonably be foreseen at the time of the preparation of*
 43 *the budget for the current year or current budget period which requires prompt action.]*

44 *[(c) Funds were made available by another unit of federal, state or local government and the*
 45 *availability of such funds could not have been reasonably ascertained at the time of the preparation*

1 of the budget for the current year or current budget period.]

2 [(d) A request for services or facilities, the cost of which shall be supplied by a private individual,
3 corporation or company or by another governmental unit and the amount of the request could not have
4 been accurately ascertained at the time of the preparation of the budget for the current year or current
5 budget period.]

6 **(1) Notwithstanding requirements as to estimates of and limitation on expenditures,**
7 **during the fiscal year or budget period for which the original budget was adopted, the gov-**
8 **erning body of a municipal corporation may make one or more supplemental budgets under**
9 **any of the following circumstances:**

10 **(a) An occurrence or condition that is not ascertained when preparing the original budget**
11 **or a previous supplemental budget for the current year or current budget period and that**
12 **requires a change in financial planning.**

13 **(b) A pressing necessity that could not reasonably be foreseen when preparing the ori-**
14 **ginal budget or a previous supplemental budget for the current year or current budget period**
15 **and that requires prompt action.**

16 **(c) Funds that are made available by another unit of federal, state or local government**
17 **and the availability of which could not reasonably be foreseen when preparing the original**
18 **budget or a previous supplemental budget for the current year or current budget period.**

19 **(d) A request for services or facilities the cost of which is to be supplied by a private**
20 **individual, corporation or company or by another governmental unit and the amount of**
21 **which could not be accurately estimated when preparing the original budget or a previous**
22 **supplemental budget for the current year or current budget period.**

23 **(e) Proceeds from the involuntary destruction, involuntary conversion, or sale of property [has**
24 **necessitated] that necessitates the immediate purchase, construction or acquisition of different fa-**
25 **ilities in order to carry on [the] governmental [operation] operations.**

26 **(f) Ad valorem property taxes that are received during the fiscal year or budget period in an**
27 **amount sufficiently greater than the amount estimated to be collected such that the difference will**
28 **significantly affect the level of government operations to be funded by [those] the taxes as provided**
29 **in the original budget or a previous supplemental budget for the current year or current budget**
30 **period.**

31 **(g) A local option tax described in ORS 294.437 that is certified for extension on the assessment**
32 **and tax roll under ORS 310.060 for the fiscal year or budget period in which the local option tax**
33 **measure is approved by voters.**

34 **(h) A reduction in available resources that requires the governing body to reduce appro-**
35 **priations in the original budget or a previous supplemental budget for the current year or**
36 **current budget period.**

37 **(2) A supplemental budget may not extend beyond the end of the fiscal year or budget period**
38 **during which it is submitted.**

39 [(3) When the estimated expenditures contained in a supplemental budget for a fiscal year or budget
40 period differ by less than 10 percent of any one of the individual funds contained in the regular budget
41 for that fiscal year or budget period that is being changed in the supplemental budget, the governing
42 body of the municipal corporation may adopt the supplemental budget at a regular meeting of the
43 governing body. Notice of the regular meeting, including sufficient detail on revenues and expenditures,
44 shall be published by one or more of the methods permitted under ORS 294.311 (35) not less than five
45 days prior to the meeting. Following the meeting, the governing body shall make additional appro-

1 *priations and may thereafter make additional expenditures as authorized by such appropriations.]*

2 *[(4) When the estimated expenditures contained in a supplemental budget for a fiscal year or budget*
 3 *period differ by 10 percent or more of any one of the individual funds contained in the regular budget*
 4 *for that fiscal year or budget period that is being changed in the supplemental budget, the supplemental*
 5 *budget, or a summary thereof, shall be published. The governing body shall then hold a public hearing*
 6 *on the supplemental budget. Publication of the budget and notice of the hearing shall be given in the*
 7 *manner provided in ORS 294.421. Following the hearing, the governing body shall make additional*
 8 *appropriations and may thereafter make additional expenditures as authorized by the appropriations.*
 9 *In counties having a tax supervising and conservation commission, a supplemental budget is not re-*
 10 *quired to be submitted to the commission prior to adoption and the commission is not required to hold*
 11 *a hearing on the supplemental budget.]*

12 **(3)(a) If the amended estimated expenditures contained in an individual fund that is being**
 13 **changed by a supplemental budget differ by 10 percent or less from the expenditures in the**
 14 **budget as most recently amended prior to the supplemental budget, the governing body of**
 15 **the municipal corporation may adopt the supplemental budget at a regular meeting of the**
 16 **governing body.**

17 **(b) Notice of a regular meeting convened pursuant to paragraph (a) of this subsection,**
 18 **including a statement that a supplemental budget will be considered at the meeting, must**
 19 **be published not less than five days before the meeting.**

20 **(c) Additional expenditures contained in a supplemental budget described in this sub-**
 21 **section may not be made unless the governing body of the municipal corporation enacts ap-**
 22 **propriation ordinances or resolutions authorizing the expenditures. The ordinances or**
 23 **resolutions must state the need for and the purpose and amount of the appropriation.**

24 *[(5)] (4) Except as provided in ORS 294.437, the making of a supplemental budget does not au-*
 25 *thorize the governing body to increase the municipal corporation's total ad valorem property taxes*
 26 *above the amount or rate published with the regular budget and certified to the assessor under ORS*
 27 *310.060 in conjunction with the regular budget for the fiscal year or for each fiscal year of the*
 28 *budget period to which the supplemental budget applies.*

29 **(5) A supplemental budget is not required for the expenditure of funds authorized under**
 30 **ORS 294.326 (2) to (10).**

31 **SECTION 21. Section 22 of this 2011 Act is added to and made a part of ORS 294.305 to**
 32 **294.565.**

33 **SECTION 22. (1)(a) If the amended estimated expenditures contained in an individual fund**
 34 **that is being changed by a supplemental budget made under ORS 294.480 differ by more than**
 35 **10 percent from the expenditures in the budget as most recently amended prior to the sup-**
 36 **plemental budget, the governing body of the municipal corporation shall hold a public hearing**
 37 **on the supplemental budget.**

38 **(b) Notice of the hearing required under paragraph (a) of this subsection, including a**
 39 **summary of the changes proposed in the funds that differ by more than 10 percent from the**
 40 **expenditures in the budget as most recently amended prior to the supplemental budget, must**
 41 **be published not less than five days before the meeting.**

42 **(c) After the hearing, additional expenditures contained in the supplemental budget de-**
 43 **scribed in this subsection may not be made unless the governing body of the municipal cor-**
 44 **poration enacts appropriation ordinances or resolutions authorizing the expenditures. The**
 45 **ordinances or resolutions must state the need for and the purpose and amount of the ap-**

1 **proprietation.**

2 (2) **In counties having a tax supervising and conservation commission, the governing body**
 3 **of a municipal corporation may adopt a supplemental budget without submitting the budget**
 4 **to the commission or holding a hearing on the budget.**

5 (3) **The Department of Revenue shall prescribe the form of the notice required under**
 6 **subsection (1) of this section.**

7 **SECTION 23.** ORS 294.500 is amended to read:

8 294.500. (1) [*The Department of Revenue may,*] **On petition by 10 interested taxpayers or a mu-**
 9 **nicipal corporation, the Department of Revenue may issue a declaratory ruling with respect to**
 10 **the validity or applicability to any person, municipal corporation or state of facts of any rule [or**
 11 **regulation promulgated by it] adopted by the department.**

12 (2) The [*department shall prescribe by rule*] **Department of Revenue shall adopt rules pre-**
 13 **scribing** the form, content and procedure for submission, consideration and disposition of [*such*]
 14 **petitions under subsection (1) of this section.**

15 (3) **The Department of Revenue must afford interested parties a full opportunity for hear-**
 16 **ing [shall be afforded to interested parties] on the subject of a petition before issuing a**
 17 **declaratory ruling under subsection (1) of this section.**

18 (4)(a) A declaratory ruling [*shall bind*] **issued under subsection (1) of this section binds** the
 19 department and all parties to the proceedings on the state of facts alleged, unless it is altered or
 20 set aside by a court.

21 (b) A **declaratory ruling [shall be] is** subject to review in the Oregon Tax Court in the manner
 22 provided by ORS 294.515 and [*shall be*] **is** subject to the same limitations [*as appeals provided in*]
 23 **under ORS 294.515 as appeals.**

24 **SECTION 24.** ORS 294.555 is amended to read:

25 294.555. (1) On or before July 15 of each year, or upon such other date as the Department of
 26 Revenue shall designate, each civil subdivision in the state that does not levy an ad valorem prop-
 27 erty tax, that is subject to the Local Budget Law and that prepares an annual budget shall file with
 28 the Department of Revenue a copy of the resolution adopting the budget and of the resolution
 29 making appropriations.

30 (2) On or before July 15 of the first fiscal year of the budget period, or upon such other date
 31 as the Department of Revenue [*shall designate*] **designates**, each civil subdivision in the state that
 32 does not levy an ad valorem property tax, that is subject to the Local Budget Law and that prepares
 33 a biennial budget shall file with the Department of Revenue a copy of the resolution adopting the
 34 budget and of the resolution making appropriations.

35 (3) Each municipal corporation subject to the Local Budget Law that certifies an ad valorem
 36 property tax shall file with the county assessor as provided in ORS 310.060 [*the following*]:

37 (a) Two copies each of the notice required [*to be filed*] under ORS 310.060 and the categorization
 38 certification.

39 (b) Two copies of a statement confirming the ad valorem property taxes approved by the budget
 40 committee.

41 (c) Two copies each of the [*following*] ordinances or resolutions[.] to adopt the budget[;], to make
 42 the appropriations[;], to itemize and categorize the taxes[;] and to certify the taxes.

43 (4) As soon as [*received,*] the county assessor [*shall forward one copy of each of*] **receives** the
 44 documents listed in subsection (3) of this section, **the county assessor shall forward one copy**
 45 **of each document** to the Department of Revenue.

1 (5)(a) Not later than September 30 of each year, a municipal corporation that certifies a
 2 tax on property under ORS 310.060 shall provide a complete copy of the budget document of
 3 the municipal corporation to the clerk of the county in which the principal office of the
 4 taxing district is located and, if the taxing district is located in more than one county, to the
 5 clerk of each county in which any part of the taxing district is located.

6 (b) Notwithstanding paragraph (a) of this subsection, a municipal corporation located in
 7 a county in which there is no county clerk shall submit the budget document to the county
 8 assessor in the county.

9 (c) Notwithstanding paragraphs (a) and (b) of this subsection, a municipal corporation
 10 that is subject to the jurisdiction of a tax supervising and conservation commission under
 11 ORS 294.625 shall submit a copy of the budget document to the commission.

12 [(5)] (6)(a) Each civil subdivision and municipal corporation that is subject to the Local Budget
 13 Law shall retain a true copy of its budget [for,]:

14 (A) If an annual budget is prepared, for two years following the end of the fiscal year; or[,]

15 (B) If a biennial budget is prepared, for two budget periods following the end of the budget
 16 period for which the biennial budget was prepared.

17 (b) During [this] the period of retention, the civil subdivision or municipal corporation shall
 18 send a copy of the budget to the county assessor, the Department of Revenue or the Division of
 19 Audits [if requested to do so by one of those entities] upon request.

20 **SECTION 25.** ORS 294.608 is amended to read:

21 294.608. (1) The governing body of [each] a county with a population of 500,000 or more inhab-
 22 itants, based on the most recently available data published or officially provided by the Portland
 23 State University Population Research Center, shall [elect to]:

24 (a) [Seek to] Establish a tax supervising and conservation commission under ORS 294.710; or

25 (b) Require each municipal corporation that would be under the jurisdiction of a tax super-
 26 vising and conservation commission if a commission were established in the county under
 27 paragraph (a) of this subsection to submit to the county a [copy of the] financial summary [pre-
 28 pared under ORS 294.386 and made available to the public under ORS 294.401 (9)] of the proposed
 29 budget in the format required under ORS 294.416.

30 (2) [Each] A municipal corporation required to submit a [copy of the] financial summary of the
 31 municipal corporation [shall] must comply with the requirement [prior to] before the date of the
 32 first budget committee meeting of the municipal corporation under ORS 294.401.

33 (3)(a) [The copy of] The financial summary submitted to the county under this section [shall]
 34 must be in an electronic format that is compatible with Internet publication.

35 (b) The county shall publish all financial summaries received from municipal corporations under
 36 this section on the Internet website of the county.

37 **SECTION 26.** ORS 310.060 is amended to read:

38 310.060. (1) Not later than July 15 of each year, [every] a city, school district or other public
 39 corporation authorized to levy or impose a tax on property shall file a written notice certifying the
 40 ad valorem property tax rate or the estimated amount of ad valorem property taxes to be imposed
 41 by the taxing district and any other taxes on property imposed by the taxing district on property
 42 subject to ad valorem property taxation that are required or authorized to be placed on the assess-
 43 ment and tax roll for the current fiscal year. The notice [shall] must be accompanied by two copies
 44 of a lawfully adopted ordinance or resolution that categorizes the tax, fee, charge, assessment or toll
 45 as subject to or not subject to the limits of section 11b, Article XI of the Oregon Constitution,

1 identified by the categories set forth in ORS 310.150.

2 (2) For *[any]* ad valorem property taxes levied by *[the]* a taxing district, the notice *[shall]* **re-**
 3 **quired under subsection (1) of this section must** state as separate items:

4 (a) The taxing district's rate of ad valorem property taxation that is within the permanent rate
 5 limitation imposed by section 11 (3), Article XI of the Oregon Constitution, or within the statutory
 6 rate limit determined in ORS 310.236 (4)(b) or 310.237, if applicable;

7 (b) The total rate or amount of the taxing district's local option taxes imposed pursuant to ORS
 8 280.040 to 280.145 that have a term of five years or less and that are not for capital projects;

9 (c) The total amount of the taxing district's local option taxes that are for capital projects;

10 (d) The total amount levied for the payment of bonded indebtedness or interest *[thereon]* **on**
 11 **bonded indebtedness** that is not subject to limitation under section 11 (11) or section 11b, Article
 12 XI of the Oregon Constitution; and

13 (e) The total amount levied that is subject to section 11b, Article XI of the Oregon Constitution,
 14 but that is not subject to the permanent ad valorem property tax rate limit described in section 11
 15 (3), Article XI of the Oregon Constitution, because the amount levied is to be used to repay:

16 (A) Principal and interest for *[any]* a bond issued before December 5, 1996, and secured by a
 17 pledge or explicit commitment of ad valorem property taxes or a covenant to levy or collect ad
 18 valorem property taxes;

19 (B) Principal and interest for any other formal, written borrowing of moneys executed before
 20 December 5, 1996, for which ad valorem property tax revenues have been pledged or explicitly
 21 committed, or that are secured by a covenant to levy or collect ad valorem property taxes;

22 (C) Principal and interest for *[any]* a bond issued to refund an obligation described in subpara-
 23 graph (A) or (B) of this paragraph; or

24 (D) Local government pension and disability plan obligations that commit ad valorem property
 25 taxes.

26 (3)(a) The notice *[shall also]* **required under subsection (1) of this section must** list each rate
 27 or amount subject to the limits of section 11b, Article XI of the Oregon Constitution, identified by
 28 the categories set forth in ORS 310.150.

29 (b) If an item described in subsection (2) of this section is allocable to more than one category
 30 described in ORS 310.150, the notice *[shall]* **must** list separately the portion of each item allocable
 31 to each category.

32 (4) For *[any]* other taxes on property imposed by the taxing district, the notice *[shall]* **must**
 33 state:

34 (a) The total amount of money to be raised by each other tax, in the aggregate or on a property
 35 by property basis, as appropriate.

36 (b) Each amount that is subject to the limits of section 11b, Article XI of the Oregon Constitu-
 37 tion, identified by the categories set forth in ORS 310.150.

38 (5) For *[any]* a district authorized by law to place *[any]* other fees, charges, assessments or tolls
 39 on the assessment and tax roll, the notice *[shall]* **must** state the total amount of money to be raised
 40 on a property by property basis.

41 (6) In addition to the notice required under subsection (1) of this section, *[any]* a taxing district
 42 that is subject to the Local Budget Law shall also provide the documents required *[by]* **under** ORS
 43 294.555 (3).

44 (7)*[(a)]* Not later than July 15 of each year, the taxing district shall give the notice and docu-
 45 ments described in this section to the assessor of the county in which the principal office of the

1 taxing district is located and, if the taxing district is located in more than one county, to the
 2 assessor of each county in which any part of the taxing district is located. *[Not later than September*
 3 *30 of each year, the taxing district shall provide a complete copy of the budget document to the clerk*
 4 *of the county in which the principal office of the taxing district is located and, if the taxing district is*
 5 *located in more than one county, to the clerk of each county in which any part of the taxing district*
 6 *is located.]*

7 *[(b) If there is no county clerk in a county to which a taxing district is required by paragraph (a)*
 8 *of this subsection to submit a budget document, then the taxing district shall submit the budget docu-*
 9 *ment to the county assessor in that county.]*

10 *[(c) If the taxing district is subject to the jurisdiction of a tax supervising and conservation com-*
 11 *mission under ORS 294.625, then the taxing district shall submit a copy of its budget to the tax*
 12 *supervising and conservation commission in lieu of filing a copy of the budget with the county clerk*
 13 *of the county under paragraph (a) of this subsection or with the county assessor of the county under*
 14 *paragraph (b) of this subsection.]*

15 (8) The Department of Revenue shall prescribe the form of notice required **[by]** **under** this sec-
 16 tion. All amounts *[shall]* **contained in the notice must** be stated in dollars and cents or ad valorem
 17 property tax rates in dollars and cents per thousand dollars of assessed value, as required by law.
 18 If the notice is given to the assessor, clerk or tax supervising and conservation commission of more
 19 than one county, a copy of each other such notice given *[shall]* **must** accompany every notice given.

20 (9) For good and sufficient reason, *[the]* a county assessor may extend the time for the giving
 21 of the notice **required under subsection (1) of this section** or correcting an erroneous certifi-
 22 cation for the current year up to but not later than October 1 as the county assessor considers
 23 reasonable.

24 **SECTION 27.** ORS 294.311 is amended to read:

25 294.311. As used in ORS 294.305 to 294.565, unless the context requires otherwise:

26 (1) “Accrual basis” means the recording of the financial effects on a municipal corporation of
 27 transactions and other events and circumstances that have cash consequences for the municipal
 28 corporation in the periods in which those transactions, events and circumstances occur, rather than
 29 only in the periods in which cash is received or paid by the municipal corporation.

30 (2) “Activity” means a specific and distinguishable service performed by one or more organiza-
 31 tional components of a municipal corporation to accomplish a function for which the municipal
 32 corporation is responsible.

33 (3) “Appropriation” means an authorization granted by the governing body to make expenditures
 34 and to incur obligations for specific purposes. An appropriation is limited to a single fiscal year for
 35 municipal corporations preparing annual budgets, or to the budget period for municipal corporations
 36 preparing biennial budgets.

37 (4) “Basis of accounting” means the cash basis, the modified accrual basis or the accrual basis.

38 (5) “Budget” means a plan of financial operation embodying an estimate of expenditures for a
 39 given period or purpose and the proposed means of financing the estimated expenditures.

40 (6) “Budget document” means the estimates of expenditures and budget resources as set forth
 41 on the estimate sheets, tax levy and the financial summary.

42 (7) “Budget period” means, for municipal corporations with the power to levy a tax upon prop-
 43 erty, the two-year period commencing on July 1 and closing on June 30 of the second calendar year
 44 next following, and for all other municipal corporations, an accounting period of 24 months ending
 45 on the last day of any month.

1 (8) "Budget resources" means resources to which recourse can be had to meet obligations and
2 expenditures during the fiscal year or budget period covered by the budget.

3 (9) "Cash basis" means a basis of accounting under which transactions are recognized only in
4 the period during which cash is received or disbursed.

5 (10) "Current budget period" means the budget period in progress.

6 (11) "Current year" means the fiscal year in progress.

7 (12) "Encumbrance accounting" means the method of accounting under which outstanding
8 encumbrances are recognized as reductions of appropriations and the related commitments are car-
9 ried in a reserve for encumbrances until liquidated, either by replacement with an actual liability
10 or by cancellation. This method of accounting may be used as a modification to the accrual basis
11 of accounting in accordance with generally accepted accounting principles.

12 (13) "Encumbrances" means obligations in the form of purchase orders, contracts or salary
13 commitments which are chargeable to an appropriation and for which a part of the appropriation
14 is reserved. Obligations cease to be encumbrances when paid or when the actual liability is set up.

15 (14) "Ensuing budget period" means the budget period following the current budget period.

16 (15) "Ensuing year" means the fiscal year following the current year.

17 (16) "Expenditure" means, if the accounts are kept on the accrual basis or the modified accrual
18 basis, decreases in net financial resources and may include encumbrances. If the accounts are kept
19 on the cash basis, the term covers only actual disbursement, the drawing of the check or warrant
20 for these purposes and not encumbrances, except that deferred employee compensation shall be in-
21 cluded as a *[personal]* **personnel** service expenditure where an approved deferred employee com-
22 pensation plan is in effect for a municipal corporation.

23 (17) "Fiscal year" means for municipal corporations with the power to impose ad valorem
24 property taxes, the fiscal year commencing on July 1 and closing on June 30, and for all other mu-
25 nicipal corporations, an accounting period of 12 months ending on the last day of any month.

26 (18) "Fund balance" means the excess of the assets of a fund over its liabilities and reserves
27 except in the case of funds subject to budgetary accounting where, prior to the end of a fiscal pe-
28 riod, it represents the excess of the fund's assets and estimated revenues for the period over its li-
29 abilities, reserves and appropriations for the period.

30 (19) "General county resources" means resources from property taxes, state and federal shared
31 revenue, beginning balances available for expenditure and interest not required to be allocated to
32 specific programs or activities.

33 (20) "Governing body" means the city council, board of commissioners, board of directors,
34 county court or other managing board of a municipal corporation including a board managing a
35 municipally owned public utility or a dock commission.

36 (21) "Grant" means a donation or contribution of cash to a governmental unit by a third party.

37 (22) "Intergovernmental entity" means an entity created under ORS 190.010 (5). The term in-
38 cludes any council of governments created prior to the enactment of ORS 190.010 (5).

39 (23) "Internal service fund" means a fund properly authorized to finance, on a cost reimburse-
40 ment basis, goods or services provided by one organizational unit of a municipal corporation to
41 other organizational units of the municipal corporation.

42 (24) "Liabilities" means probable future sacrifices of economic benefits, arising from present
43 obligations of a municipal corporation to transfer assets or provide services to other entities in the
44 future as a result of past transactions or events. The term does not include encumbrances.

45 (25)(a) "Modified accrual basis" means the accrual basis of accounting adapted to the govern-

1 mental fund-type measurement focus. Under this basis of accounting, revenues and other financial
 2 resource increments, such as bond proceeds, are recognized when they become susceptible to ac-
 3 cural, that is, when they become both measurable and available to finance expenditures in the cur-
 4 rent period.

5 (b) As used in this subsection, “available” means collectible in the current period or soon
 6 enough thereafter to be used to pay liabilities of the current period. Under this basis of accounting,
 7 expenditures are recognized when the fund liability is incurred except for:

8 (A) Inventories of material and supplies that may be considered expenditures either when pur-
 9 chased or when used; and

10 (B) Prepaid insurance and similar items that may be considered expenditures either when paid
 11 for or when consumed.

12 (26) “Municipal corporation” means any county, city, port, school district, union high school
 13 district, community college district and all other public or quasi-public corporations including a
 14 municipal utility or dock commission operated by a separate board or commission. “Municipal cor-
 15 poration” includes an intergovernmental entity or council of governments that proposes to impose
 16 or imposes ad valorem property taxes.

17 (27) “Net working capital” means the sum of the cash, cash equivalents, investments, accounts
 18 receivable expected to be converted to cash during the ensuing year or ensuing budget period, in-
 19 ventories, supplies and prepaid expenses less current liabilities and, if encumbrance accounting is
 20 adopted, reserve for encumbrances. The term is not applicable to the cash basis of accounting.

21 (28) “Object” means, as used in expenditure classification, articles purchased including, but not
 22 limited to, land, buildings, equipment and vehicles, or services obtained including, but not limited
 23 to, administrative services, clerical services, professional services, property services and travel, as
 24 distinguished from the results obtained from expenditures.

25 (29) “Object classification” means a grouping of expenditures on the basis of goods or services
 26 purchased, including, but not limited to, [*personal*] **personnel** services, materials, supplies and
 27 equipment.

28 (30) “Operating taxes” has the meaning given that term in ORS 310.055.

29 (31) “Organizational unit” means any administrative subdivision of a municipal corporation, es-
 30 pecially one charged with carrying on one or more functions or activities.

31 (32) “Population” means the number of inhabitants of a municipal corporation according to
 32 certified estimates of population made by the State Board of Higher Education.

33 (33) “Program” means a group of related activities aimed at accomplishing a major service or
 34 function for which the municipality is responsible.

35 (34) “Public utility” means those public utility operations authorized by ORS chapter 225.

36 (35) “Publish” or “publication” means any one or more of the following methods of giving notice
 37 or making information or documents available to members of the general public:

38 (a) Publication in one or more newspapers of general circulation within the jurisdictional
 39 boundaries of the municipal corporation.

40 (b) Posting through the United States Postal Service by first class mail, postage prepaid, to each
 41 street address within the jurisdictional boundaries of the municipal corporation and to each post
 42 office box and rural route number belonging to a resident within the jurisdictional boundaries of the
 43 municipal corporation.

44 (c) Hand delivery to each street address within the jurisdictional boundaries of the municipal
 45 corporation.

1 (36) "Receipts" means cash received unless otherwise qualified.

2 (37) "Reserve for encumbrances" means a reserve representing the segregation of a portion of
3 a fund balance to provide for unliquidated encumbrances.

4 (38) "Revenue" means the gross receipts and receivables of a governmental unit derived from
5 taxes, licenses, fees and from all other sources, but excluding appropriations, allotments and return
6 of principal from investment of surplus funds.

7 (39) "Special revenue fund" means a fund properly authorized and used to finance particular
8 activities from the receipts of specific taxes or other revenues.

9 **SECTION 28.** ORS 294.910 is amended to read:

10 294.910. (1) Each council of governments shall prepare estimates of expenditures for the ensuing
11 year.

12 (2) The estimates required by subsection (1) of this section shall be prepared by organizational
13 unit or by program.

14 (3) Estimates required by subsection (1) of this section and prepared by organizational unit shall
15 be detailed under separate object classifications of [*personal*] **personnel** services, materials and
16 services and capital outlay. Separate estimates shall be made for special payments, debt service,
17 interfund revenue transfers, operating expenses and general capital outlays which cannot reasonably
18 be allocated to an organizational unit.

19 (4) Estimates required by subsection (1) of this section and prepared by program shall be ar-
20 ranged for each activity of a program. Estimates under each activity shall be detailed under sepa-
21 rate object classifications of [*personal*] **personnel** services, materials and services and capital
22 outlay. Separate estimates shall be made for each program for special payments, debt service,
23 interfund revenue transfers, operating expenses and general capital outlays which cannot reasonably
24 be allocated to an activity within a function.

25 (5) Estimates of expenditures for [*personal*] **personnel** services, other than services of persons
26 who receive an hourly wage or who are hired on a part-time basis, shall list the salary for each
27 officer and employee, except that employees of like classification and salary range in each organ-
28 izational unit or activity may be listed by the number of those employees, the limits of each salary
29 range and the amount of their combined salaries.

30 (6) The general capital outlay estimate shall include separate amounts for land, buildings, im-
31 provements to land other than buildings and machinery and equipment which cannot be reasonably
32 allocated to an organizational unit or activity.

33 (7) The debt service estimates shall include separate amounts for principal and interest of each
34 bond issue in each fund.

35 (8) If the estimates required by subsection (1) of this section are not prepared by fund, there
36 shall be prepared a summary which cross-references programs or organizational units to the appro-
37 priations required by ORS 294.435.

38 **SECTION 29.** ORS 455.210 is amended to read:

39 455.210. (1) Fees shall be prescribed as required by ORS 455.020 for plan review and permits
40 issued by the Department of Consumer and Business Services for the construction, reconstruction,
41 alteration and repair of prefabricated structures and of buildings and other structures and the in-
42 stallation of mechanical heating and ventilating devices and equipment. The fees may not exceed 130
43 percent of the fee schedule printed in the "Uniform Building Code," 1979 Edition, and in the "Uni-
44 form Mechanical Code," 1979 Edition, both published by the International Conference of Building
45 Officials. Fees are not effective until approved by the Oregon Department of Administrative Ser-

1 vices.

2 (2) Notwithstanding subsection (1) of this section, the maximum fee the Director of the Depart-
3 ment of Consumer and Business Services may prescribe for a limited plan review for fire and life
4 safety as required under ORS 479.155 shall be 40 percent of the prescribed permit fee.

5 (3)(a) A municipality may adopt by ordinance or regulation such fees as may be necessary and
6 reasonable to provide for the administration and enforcement of any specialty code or codes for
7 which the municipality has assumed responsibility under ORS 455.148 or 455.150. A municipality
8 shall give the director notice of the proposed adoption of a new or increased fee under this sub-
9 section. The municipality shall give the notice to the director at the time the municipality provides
10 the opportunity for public comment under ORS 294.160 regarding the fee or, if the proposed fee is
11 contained in an estimate of municipal budget resources, at the time notice of the last budget meeting
12 is published [*in a newspaper*] under ORS 294.401.

13 (b) Ten or more persons or an association with 10 or more members may appeal the adoption
14 of a fee described in this subsection to the Director of the Department of Consumer and Business
15 Services. The persons or association must file the appeal no later than 60 days after the director
16 receives notice of the proposed adoption of the fee from the municipality under paragraph (a) of this
17 subsection. However, if the municipality failed to give notice to the director, an appeal may be filed
18 with the director within one year after adoption of the new or increased fee. Upon receiving a
19 timely appeal, the director shall, after notice to affected parties and hearing, review the
20 municipality's fee adoption process and the costs of administering and enforcing the specialty code
21 or codes referred to in paragraph (a) of this subsection. The director shall approve the fee if the
22 director feels the fee is necessary and reasonable. If the director does not approve the fee upon
23 appeal, the fee is not effective. The appeal process provided in this paragraph does not apply to fees
24 that have been submitted for a vote and approved by a majority of the electors voting on the ques-
25 tion.

26 (c) Fees collected by a municipality under this subsection shall be used for the administration
27 and enforcement of a building inspection program for which the municipality has assumed responsi-
28 bility under ORS 455.148 or 455.150.

29 (d) For purposes of paragraph (b) of this subsection, in determining whether a fee is reasonable
30 the director shall consider whether:

31 (A) The fee is the same amount as or closely approximates the amount of the fee charged by
32 other municipalities of a similar size and geographic location for the same level of service;

33 (B) The fee is calculated with the same or a similar calculation method as the fee charged by
34 other municipalities for the same service;

35 (C) The fee is the same type as the fee charged by other municipalities for the same level of
36 service; and

37 (D) The municipality, in adopting the fee, complied with ORS 294.160, 294.361 and 294.401 and
38 this section and standards adopted by the director under ORS 455.148 (11) or 455.150 (11).

39 (4) Notwithstanding any other provision of this chapter:

40 (a) For the purpose of partially defraying state administrative costs, there is imposed a sur-
41 charge in the amount of four percent of the total permit fees or, if the applicant chooses to pay an
42 hourly rate instead of purchasing a permit, four percent of the total hourly charges collected.

43 (b) For the purpose of partially defraying state inspection costs, there is imposed a surcharge
44 in the amount of two percent of the total permit fees or, if the applicant chooses to pay an hourly
45 rate instead of purchasing a permit, two percent of the total hourly charges collected.

1 (c) For the purpose of defraying the cost of administering and enforcing the state building code,
2 there is imposed a surcharge on permit fees and on hourly charges collected instead of permit fees.
3 The surcharge may not exceed one percent of the total permit fees or, if the applicant chooses to
4 pay an hourly rate instead of purchasing a permit, one percent of the total hourly charges collected.

5 (d) For the purpose of defraying the cost of developing and administering the electronic building
6 codes information system described in ORS 455.095 and 455.097, there is imposed a surcharge in the
7 amount of five percent on permit fees, or if the applicant chooses to pay an hourly rate instead of
8 purchasing a permit, five percent of the total hourly charges collected. However, the department
9 may adopt rules to waive a portion of the surcharge imposed under this paragraph if the department
10 determines that the amount collected by the surcharge imposed under this paragraph exceeds the
11 actual cost to the department of developing and administering the electronic building codes infor-
12 mation system described in ORS 455.095 and 455.097.

13 (5) Municipalities shall collect and remit surcharges imposed under subsection (4) of this section
14 to the director as provided in ORS 455.220.

15 (6) The director shall adopt administrative rules to allow reduced fees for review of plans that
16 have been previously reviewed.

17 **SECTION 30.** ORS 455.210, as amended by section 6, chapter 69, Oregon Laws 2007, is amended
18 to read:

19 455.210. (1) Fees shall be prescribed as required by ORS 455.020 for plan review and permits
20 issued by the Department of Consumer and Business Services for the construction, reconstruction,
21 alteration and repair of prefabricated structures and of buildings and other structures and the in-
22 stallation of mechanical heating and ventilating devices and equipment. The fees may not exceed 130
23 percent of the fee schedule printed in the "Uniform Building Code," 1979 Edition, and in the "Uni-
24 form Mechanical Code," 1979 Edition, both published by the International Conference of Building
25 Officials. Fees are not effective until approved by the Oregon Department of Administrative Ser-
26 vices.

27 (2) Notwithstanding subsection (1) of this section, the maximum fee the Director of the Depart-
28 ment of Consumer and Business Services may prescribe for a limited plan review for fire and life
29 safety as required under ORS 479.155 shall be 40 percent of the prescribed permit fee.

30 (3)(a) A municipality may adopt by ordinance or regulation such fees as may be necessary and
31 reasonable to provide for the administration and enforcement of any specialty code or codes for
32 which the municipality has assumed responsibility under ORS 455.148 or 455.150. A municipality
33 shall give the director notice of the proposed adoption of a new or increased fee under this sub-
34 section. The municipality shall give the notice to the director at the time the municipality provides
35 the opportunity for public comment under ORS 294.160 regarding the fee or, if the proposed fee is
36 contained in an estimate of municipal budget resources, at the time notice of the last budget meeting
37 is published [*in a newspaper*] under ORS 294.401.

38 (b) Ten or more persons or an association with 10 or more members may appeal the adoption
39 of a fee described in this subsection to the Director of the Department of Consumer and Business
40 Services. The persons or association must file the appeal no later than 60 days after the director
41 receives notice of the proposed adoption of the fee from the municipality under paragraph (a) of this
42 subsection. However, if the municipality failed to give notice to the director, an appeal may be filed
43 with the director within one year after adoption of the new or increased fee. Upon receiving a
44 timely appeal, the director shall, after notice to affected parties and hearing, review the
45 municipality's fee adoption process and the costs of administering and enforcing the specialty code

1 or codes referred to in paragraph (a) of this subsection. The director shall approve the fee if the
 2 director feels the fee is necessary and reasonable. If the director does not approve the fee upon
 3 appeal, the fee is not effective. The appeal process provided in this paragraph does not apply to fees
 4 that have been submitted for a vote and approved by a majority of the electors voting on the ques-
 5 tion.

6 (c) Fees collected by a municipality under this subsection shall be used for the administration
 7 and enforcement of a building inspection program for which the municipality has assumed responsi-
 8 bility under ORS 455.148 or 455.150.

9 (d) For purposes of paragraph (b) of this subsection, in determining whether a fee is reasonable
 10 the director shall consider whether:

11 (A) The fee is the same amount as or closely approximates the amount of the fee charged by
 12 other municipalities of a similar size and geographic location for the same level of service;

13 (B) The fee is calculated with the same or a similar calculation method as the fee charged by
 14 other municipalities for the same service;

15 (C) The fee is the same type as the fee charged by other municipalities for the same level of
 16 service; and

17 (D) The municipality, in adopting the fee, complied with ORS 294.160, 294.361 and 294.401 and
 18 this section and standards adopted by the director under ORS 455.148 (11) or 455.150 (11).

19 (4) Notwithstanding any other provision of this chapter:

20 (a) For the purpose of partially defraying state administrative costs, there is imposed a sur-
 21 charge in the amount of four percent of the total permit fees or, if the applicant chooses to pay an
 22 hourly rate instead of purchasing a permit, four percent of the total hourly charges collected.

23 (b) For the purpose of partially defraying state inspection costs, there is imposed a surcharge
 24 in the amount of two percent of the total permit fees or, if the applicant chooses to pay an hourly
 25 rate instead of purchasing a permit, two percent of the total hourly charges collected.

26 (c) For the purpose of defraying the cost of administering and enforcing the state building code,
 27 there is imposed a surcharge on permit fees and on hourly charges collected instead of permit fees.
 28 The surcharge may not exceed one percent of the total permit fees or, if the applicant chooses to
 29 pay an hourly rate instead of purchasing a permit, one percent of the total hourly charges collected.

30 (5) Municipalities shall collect and remit surcharges imposed under subsection (4) of this section
 31 to the director as provided in ORS 455.220.

32 (6) The director shall adopt administrative rules to allow reduced fees for review of plans that
 33 have been previously reviewed.

34 **SECTION 31. ORS 294.386, 294.418 and 294.483 are repealed.**

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