

House Bill 3200

Sponsored by Representative GELSER

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**.

Provides for distribution to component school district of prorated amounts received by education service district if component school district chooses to not receive services from education service district.

Declares emergency, effective July 1, 2011.

A BILL FOR AN ACT

1
2 Relating to education service districts; amending ORS 327.019, 334.125 and 334.177; and declaring
3 an emergency.

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

5 **SECTION 1.** ORS 327.019 is amended to read:

6 327.019. (1) As used in this section:

7 (a) "Education service district extended ADMw" means the sum of the extended ADMw of the
8 component school districts of the education service district as computed under ORS 327.013.

9 (b) "Local revenues of an education service district" means the total of the following:

10 (A) The amount of revenue offset against local property taxes as determined by the Department
11 of Revenue under ORS 311.175 (3)(a)(A);

12 (B) The amount of property taxes actually received by the district including penalties and in-
13 terest on taxes;

14 (C) The amount of revenue received by the district from state-managed forestlands under ORS
15 530.115 (1)(b) and (c); and

16 (D) Any positive amount obtained by subtracting the operating property taxes actually imposed
17 by the district based on the rate certified pursuant to ORS 310.060 from the amount that would have
18 been imposed by the district if the district had certified the maximum rate of operating property
19 taxes allowed by law.

20 (2) Each fiscal year, the Superintendent of Public Instruction shall calculate a State School Fund
21 grant for each education service district as provided in this section.

22 (3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-
23 located to the State School Fund and available for distribution to school districts, education service
24 districts and programs + total amount of local revenues of all school districts, computed as provided
25 in ORS 327.011, + total amount of local revenues of all education service districts. The super-
26 intendent may not include in the calculation under this paragraph amounts received by the De-
27 partment of Education from the State School Fund under ORS 343.243.

28 (b) The superintendent shall multiply the amount calculated under paragraph (a) of this sub-
29 section by 95.25 percent.

30 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent

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 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to
 2 327.133, 327.348, 327.355, 327.357 and 327.360 the total amount calculated under paragraph (b) of this
 3 subsection as school district general purpose grants, facility grants, high cost disabilities grants and
 4 transportation grants to school districts.

5 (d) Based on the funding percentage calculated under paragraph (c) of this subsection, the su-
 6 perintendent shall calculate the general purpose grant, facility grant, transportation grant and high
 7 cost disabilities grant amounts for each school district.

8 (4) The general services grant for an education service district shall equal the higher of:

9 (a) The total amount calculated under subsection (3)(d) of this section for the component school
 10 districts of the education service district $\times (4.75 \div 95.25)$; or

11 (b) \$1 million.

12 (5) Subject to subsection (6) of this section, the State School Fund grant for an education service
 13 district = general services grant – local revenues of the education service district.

14 (6)(a) After completing the calculations under subsections (2) to (5) of this section, the Super-
 15 intendent of Public Instruction shall apportion from the State School Fund to each education service
 16 district an amount = (funding percentage \times general services grant) – local revenues of the educa-
 17 tion service district.

18 (b) The funding percentage used in paragraph (a) of this subsection shall be calculated by the
 19 superintendent to distribute as nearly as practicable the total amount available for distribution to
 20 education service districts from the State School Fund for each fiscal year.

21 (7) Notwithstanding subsections (5) and (6) of this section:

22 (a) The State School Fund grant of an education service district may not be less than zero; and

23 (b) The State School Fund grant of an education service district shall be in an amount that,
 24 when combined with the local revenues of the education service district, equals \$1 million or more.

25 (8) An education service district shall distribute to its component school districts any amount
 26 of local revenues of the education service district that is greater than the general services grant.
 27 The amount that each component school district receives under this subsection shall be prorated
 28 based on the district extended ADMw of each school district **as calculated under ORS 327.013.**

29 **(9) An education service district shall distribute amounts described in ORS 334.177 (2) and**
 30 **(3) and 757.612 to a component school district that has chosen to not receive services from**
 31 **the education service district. The amounts that the component school district receives un-**
 32 **der this subsection shall be prorated based on the district extended ADMw of the school**
 33 **district as calculated under ORS 327.013.**

34 **SECTION 2.** ORS 327.019, as amended by section 13, chapter 846, Oregon Laws 2007, section
 35 4, chapter 439, Oregon Laws 2009, and section 11, chapter 698, Oregon Laws 2009, is amended to
 36 read:

37 327.019. (1) As used in this section:

38 (a) “Education service district extended ADMw” means the sum of the extended ADMw of the
 39 component school districts of the education service district as computed under ORS 327.013.

40 (b) “Local revenues of an education service district” means the total of the following:

41 (A) The amount of revenue offset against local property taxes as determined by the Department
 42 of Revenue under ORS 311.175 (3)(a)(A);

43 (B) The amount of property taxes actually received by the district including penalties and in-
 44 terest on taxes;

45 (C) The amount of revenue received by the district from state-managed forestlands under ORS

1 530.115 (1)(b) and (c); and

2 (D) Any positive amount obtained by subtracting the operating property taxes actually imposed
 3 by the district based on the rate certified pursuant to ORS 310.060 from the amount that would have
 4 been imposed by the district if the district had certified the maximum rate of operating property
 5 taxes allowed by law.

6 (2) Each fiscal year, the Superintendent of Public Instruction shall calculate a State School Fund
 7 grant for each education service district as provided in this section.

8 (3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-
 9 located to the State School Fund and available for distribution to school districts, education service
 10 districts and programs + total amount of local revenues of all school districts, computed as provided
 11 in ORS 327.011, + total amount of local revenues of all education service districts. The super-
 12 intendent may not include in the calculation under this paragraph amounts received by the De-
 13 partment of Education from the State School Fund under ORS 343.243.

14 (b) The superintendent shall multiply the amount calculated under paragraph (a) of this sub-
 15 section by 95.25 percent.

16 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent
 17 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to
 18 327.133 and 327.348 the total amount calculated under paragraph (b) of this subsection as school
 19 district general purpose grants, facility grants, high cost disabilities grants and transportation
 20 grants to school districts.

21 (d) Based on the funding percentage calculated under paragraph (c) of this subsection, the su-
 22 perintendent shall calculate the general purpose grant, facility grant, transportation grant and high
 23 cost disabilities grant amounts for each school district.

24 (4) The general services grant for an education service district shall equal the higher of:

25 (a) The total amount calculated under subsection (3)(d) of this section for the component school
 26 districts of the education service district \times $(4.75 \div 95.25)$; or

27 (b) \$1 million.

28 (5) Subject to subsection (6) of this section, the State School Fund grant for an education service
 29 district = general services grant – local revenues of the education service district.

30 (6)(a) After completing the calculations under subsections (2) to (5) of this section, the Super-
 31 intendent of Public Instruction shall apportion from the State School Fund to each education service
 32 district an amount = (funding percentage \times general services grant) – local revenues of the educa-
 33 tion service district.

34 (b) The funding percentage used in paragraph (a) of this subsection shall be calculated by the
 35 superintendent to distribute as nearly as practicable the total amount available for distribution to
 36 education service districts from the State School Fund for each fiscal year.

37 (7) Notwithstanding subsections (5) and (6) of this section:

38 (a) The State School Fund grant of an education service district may not be less than zero; and

39 (b) The State School Fund grant of an education service district shall be in an amount that,
 40 when combined with the local revenues of the education service district, equals \$1 million or more.

41 (8) An education service district shall distribute to its component school districts any amount
 42 of local revenues of the education service district that is greater than the general services grant.
 43 The amount that each component school district receives under this subsection shall be prorated
 44 based on the district extended ADMw of each school district **as calculated under ORS 327.013.**

45 **(9) An education service district shall distribute amounts described in ORS 334.177 (2) and**

1 **(3) and 757.612 to a component school district that has chosen to not receive services from**
 2 **the education service district. The amounts that the component school district receives un-**
 3 **der this subsection shall be prorated based on the district extended ADMw of the school**
 4 **district as calculated under ORS 327.013.**

5 **SECTION 3.** ORS 334.125 is amended to read:

6 334.125. (1) The education service district is a body corporate.

7 (2) The education service district board is authorized to transact all business coming within the
 8 jurisdiction of the education service district and may sue and be sued.

9 (3) The education service district board shall perform all duties required by law, including but
 10 not limited to:

11 (a) Distribution of such school funds as it is empowered to apportion;

12 (b) Conduct of audits;

13 (c) Duties as district boundary board;

14 (d) Budget and tax levying duties, including the levying of taxes under ORS 280.060;

15 (e) Contracting a bonded indebtedness and levying direct ad valorem taxes on all taxable prop-
 16 erty within the education service district in the manner that component school districts are au-
 17 thorized to issue bonds and levy taxes under ORS 328.205 to 328.304 and other laws applicable to
 18 the issuance of bonds and levying of taxes by school districts; and

19 (f) Creating a county education bond district under ORS 328.304 from a county within the dis-
 20 trict.

21 (4) In addition to its duties under subsection (3) of this section, an education service district
 22 board:

23 (a) May provide services required by the local service plan developed pursuant to ORS 334.175
 24 [and];

25 (b) May provide funds to component school districts to provide services required by the local
 26 plan in lieu of those school districts receiving services from the education service district[.]; and

27 **(c) Shall provide funds as specified in ORS 327.019 to a component school district that**
 28 **has chosen to not receive services from the education service district.**

29 (5) The education service district board may employ and fix the compensation of such personnel
 30 as it considers necessary for carrying out duties of the board.

31 (6) In carrying out its duties, the education service district board:

32 (a) May locate, buy, accept by gift or lease such land, buildings and facilities as may be required
 33 for district purposes. Leases authorized by this section may be for a term of up to 30 years and
 34 include lease-purchase agreements whereunder the district may acquire ownership of the leased
 35 property.

36 (b) May acquire personal property by a lease-purchase agreement or contract of purchase for a
 37 term exceeding one year. A lease-purchase agreement is one in which the rent payable by the dis-
 38 trict is expressly agreed to have been established to reflect the savings resulting from the exemption
 39 from taxation, and the district is entitled to ownership of the property at a nominal or other price
 40 which is stated or determinable by the terms of the agreement and was not intended to reflect the
 41 true value of the property.

42 (c) May lease property or sell and convey property of the district as the board considers un-
 43 necessary to its purposes.

44 (d) May purchase relocatable structures in installment transactions in which deferred install-
 45 ments of the purchase price are payable over not more than 10 years from the date of delivery of

1 the property to the district and are secured by a security interest in the property. The transactions
2 may take the form of, but are not limited to, lease-purchase agreements.

3 (e) May accept money or property donated for the use or benefit of the district and use the
4 money or property for the purpose for which it was donated.

5 (7) The education service district board may adopt rules it considers necessary to carry out the
6 duties of the board.

7 (8) The education service district may contract with public and private entities for service de-
8 livery.

9 (9)(a) The education service district shall work cooperatively with component school districts
10 and review periodically with component school districts the operations of component school districts
11 and shall submit to the component school districts plans for operations that achieve economies and
12 efficiencies through consolidation of various operations of all or some of the districts. The education
13 service district and its component school districts shall submit an annual report on the effectiveness
14 of the consolidation of operations to the State Board of Education.

15 (b) As used in this subsection, "operations" means services involving transportation, payroll,
16 student records, auditing, legal services, insurance, printing, investment and other similar services.

17 **SECTION 4.** ORS 334.177 is amended to read:

18 334.177. (1) As used in this section, "local revenues of an education service district" has the
19 meaning given that term in ORS 327.019 but does not include any local revenues distributed to
20 component school districts under ORS 327.019 (8).

21 (2) An education service district board shall expend at least 90 percent of all amounts received
22 from the State School Fund and at least 90 percent of all amounts considered to be local revenues
23 of an education service district on services or programs that have been approved by the component
24 school districts of the education service district through the resolution process described in ORS
25 334.175.

26 (3) An education service district board shall expend 100 percent of all amounts received from
27 the School Improvement Fund on services or programs that have been approved by the component
28 school districts of the education service district through the resolution process described in ORS
29 334.175.

30 (4) **The expenditure requirements of this section apply only to amounts retained by the**
31 **education service district after making any distributions required under ORS 327.019 (9).**

32 **SECTION 5. This 2011 Act being necessary for the immediate preservation of the public**
33 **peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect**
34 **July 1, 2011.**