

Senate Bill 532

Sponsored by Senator STARR (at the request of Central Oregon Cities Organization) (Pre-session filed.)

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**.

Establishes Critical Transportation Needs Income Tax Sequestration Pilot Project. Allows Oregon Transportation Commission to identify up to specified number of transportation projects and establish tax sequestration zones for areas benefited by projects. Authorizes issuance of revenue bonds to fund projects and directs Department of Revenue to sequester tax revenues from bonds and pay costs of projects from sequestered tax revenues. Prohibits tax sequestration funded transportation projects from being established after specified date.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to income tax sequestration; appropriating money; and prescribing an effective date.

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

4 **SECTION 1. Sections 2 to 6 of this 2011 Act shall be known and may be cited as the**
5 **Critical Transportation Needs Income Tax Sequestration Pilot Project.**

6 **SECTION 2. As used in sections 2 to 7 of this 2011 Act:**

7 (1) **"Base amount of income taxes" means the amount of income taxes that will be raised**
8 **from the sequestration zone using the apportionment formula described in section 4 of this**
9 **2011 Act.**

10 (2) **"Income taxes" means personal income taxes imposed under ORS chapter 316 and**
11 **corporate income and excise taxes imposed under ORS chapters 317 or 318.**

12 (3) **"Sequestration zone" means the geographic area identified in a transportation project**
13 **as the area from which income taxes are to be sequestered as prescribed in sections 3 and**
14 **4 of this 2011 Act.**

15 (4) **"Transportation project" has the meaning given that term in ORS 367.010.**

16 **SECTION 3. (1) The Oregon Transportation Commission shall identify and establish up**
17 **to 12 transportation projects for which:**

18 (a) **There is a critical need; and**

19 (b) **The nature of which predominantly benefits a particular geographic area or trans-**
20 **portation corridor.**

21 (2) **No more than five transportation projects established under this section may be lo-**
22 **cated in any one of the following five regions:**

23 (a) **Region one, consisting of Clackamas, Columbia, Hood River, Multnomah and**
24 **Washington Counties.**

25 (b) **Region two, consisting of Benton, Clatsop, Lane, Lincoln, Linn, Marion, Polk,**
26 **Tillamook and Yamhill Counties.**

27 (c) **Region three, consisting of Coos, Curry, Douglas, Jackson and Josephine Counties.**

28 (d) **Region four, consisting of Crook, Deschutes, Gilliam, Jefferson, Klamath, Lake,**

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 Sherman, Wasco and Wheeler Counties.

2 (e) Region five, consisting of Baker, Grant, Harney, Malheur, Morrow, Umatilla, Union
3 and Wallowa Counties.

4 (3) To establish a transportation project under this section, the commission shall:

5 (a) Describe the transportation project;

6 (b) Describe the area or transportation corridor benefited by the project;

7 (c) Identify the boundaries of the sequestration zone; and

8 (d) State the maximum period of time for which the income tax sequestration is to be in
9 effect.

10 (4) The commission shall give notice to the Department of Revenue about the establish-
11 ment of a transportation project under this section and may consult with the department
12 concerning the establishment of the boundaries that will comprise the sequestration zone.

13 **SECTION 4.** (1) For each transportation project established under section 3 of this 2011
14 Act, the Department of Revenue shall identify an amount of income taxes that are derived
15 from the sequestration zone, determined as follows:

16 (a) All personal income taxes of residents shall be allocated to the sequestration zone;
17 and

18 (b) That portion of income and excise taxes of businesses that are present in the
19 sequestration zone shall be apportioned to the sequestration zone using an apportionment
20 formula of equally weighted property, payroll and sales factors, as those factors are defined
21 in ORS 314.655, 314.660 and 314.665, except substituting the term "sequestration zone" for
22 "state" in the definition.

23 (2)(a) For the first year for which income tax sequestration is in effect for a transpor-
24 tation project established under section 3 of this 2011 Act, the department shall transfer 75
25 percent of the income tax revenues identified as being derived from the sequestration zone
26 under subsection (1) of this section to the appropriate subaccount of the Critical Transpor-
27 tation Projects Account established under section 5 of this 2011 Act.

28 (b) For each year thereafter, the department shall transfer an amount equal to the
29 amount transferred under paragraph (a) of this subsection for the previous year multiplied
30 by a growth factor equal to the department's estimate of the percentage growth in personal
31 income and corporate income and excise tax receipts statewide.

32 (c) Transfers under this subsection shall cease on the date that the transportation
33 project is complete and revenue bonds issued to fund the project have been repaid.

34 (3) The department shall transfer moneys pursuant to subsection (2) of this section from
35 miscellaneous tax receipts before the receipts are deposited in the General Fund under ORS
36 316.502, 317.850 and 318.070.

37 **SECTION 5.** (1) The Critical Transportation Projects Account is established in the Gen-
38 eral Fund. Moneys deposited in the account shall be retained in the account and do not re-
39 vert to the General Fund at the end of the biennium.

40 (2) For each transportation project established under section 3 of this 2011 Act, a sub-
41 account shall be established in the Critical Transportation Projects Account. Moneys in each
42 subaccount are continuously appropriated to the Department of Transportation for the pur-
43 pose of paying costs of the transportation project for which the subaccount is associated,
44 including the payment of principal and interest on revenue bonds issued under section 6 of
45 this 2011 Act with respect to the project.

1 **SECTION 6.** (1) At the request of the Department of Transportation, the State Treasurer
2 may issue revenue bonds of the State of Oregon that are payable solely from all or any por-
3 tion of the moneys deposited in a subaccount of the Critical Transportation Projects Account
4 and may issue bonds for the purpose of undertaking the transportation project established
5 under section 3 of this 2011 Act for which the subaccount is established. Moneys in the sub-
6 account may be pledged for the repayment of the bonds, but the State Treasurer or depart-
7 ment may not pledge or otherwise encumber any moneys of the State of Oregon other than
8 those described in this subsection.

9 (2) Revenue bonds authorized under this section shall be issued in accordance with ORS
10 chapter 286A.

11 **SECTION 7.** A transportation project may not be established under section 3 of this 2011
12 Act on or after January 1, 2014.

13 **SECTION 8.** This 2011 Act takes effect on the 91st day after the date on which the 2011
14 session of the Seventy-sixth Legislative Assembly adjourns sine die.

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