

**77TH OREGON LEGISLATIVE ASSEMBLY
2013 REGULAR SESSION
STAFF MEASURE SUMMARY
SENATE FINANCE AND REVENUE COMMITTEE**

MEASURE: HB 2632 A5
CARRIER:

REVENUE: No Revenue Impact
FISCAL: Fiscal Impact Statement Issued

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: Christine Broniak, Economist

Meeting Dates: 6/5

WHAT THE BILL DOES: Removes local option levies approved by voters after January 1, 2013 from the division of tax revenue for standard rate urban renewal plans. Provides for an option in which an urban renewal agency may issue an impairment certificate if the removal of new local option levies from the consolidated billing tax rate impairs the ability to meet contractual obligations with bondholders.

ISSUES DISCUSSED:

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EFFECT OF COMMITTEE AMENDMENTS: Puts changes in effect for tax years beginning on or after July 1, 2014.

BACKGROUND: Urban renewal agencies with plan areas established prior to December 6, 1996 were given three options for raising revenue to fund their plans. The first was to allow plan areas to receive full division of tax revenue from all levies except local option and bond levies passed after October 6, 2001 and to extend a special levy to reach the plan area's maximum revenue authority. The second option for plans existing at that time was to forgo division of tax revenue but to impose a special levy to raise up to the plan's maximum revenue authority. Option 3 plans had a limit on their division of tax revenue and were able to raise up to their maximum revenue authority from a special levy. If plans existing at that time did not select an option, they were able to raise division of tax revenue from all levies but were not permitted to use a special levy. This was also true for plans adopted between December 6, 1996 and October 6, 2001. Plans that were adopted after October 6, 2001 were able to raise money from division of tax but not from tax revenue from local option and bond levies.

This measure applies to plan areas existing prior to December 6, 1996 whose agencies chose Option 3, plan areas existing prior to December 6, 1996 whose agencies did not choose an option, and plan areas established or substantially amended between December 6, 1996 and October 6, 2001. It removes local option levies adopted after January 1, 2013 from the division of tax for these plans.

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Plans existing prior to December 6, 1996 who chose options 1 or 2 and plans adopted or substantially amended after October 6, 2001 already have bonds and local options approved after October 6, 2001 removed from their division of tax calculation.