

Enrolled House Bill 2632

Sponsored by Representative DOHERTY; Representatives BAILEY, DAVIS, UNGER (Pre-session filed.)

CHAPTER

AN ACT

Relating to consolidated billing tax rate for purposes of urban renewal; creating new provisions; amending ORS 457.010, 457.440 and 457.445; and prescribing an effective date.

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

SECTION 1. ORS 457.010 is amended to read:

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

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

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

- (A) Defective design and quality of physical construction;
- (B) Faulty interior arrangement and exterior spacing;
- (C) Overcrowding and a high density of population;
- (D) Inadequate provision for ventilation, light, sanitation, open spaces and recreation facilities;

or

- (E) Obsolescence, deterioration, dilapidation, mixed character or shifting of uses;
- (b) An economic dislocation, deterioration or disuse of property resulting from faulty planning;
- (c) The division or subdivision and sale of property or lots of irregular form and shape and inadequate size or dimensions for property usefulness and development;
- (d) The laying out of property or lots in disregard of contours, drainage and other physical characteristics of the terrain and surrounding conditions;
- (e) The existence of inadequate streets and other rights of way, open spaces and utilities;
- (f) The existence of property or lots or other areas that are subject to inundation by water;
- (g) A prevalence of depreciated values, impaired investments and social and economic maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered;
- (h) A growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare; or

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

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

(3) "City" means any incorporated city.

[(4) "Consolidated billing tax rate" means:]

[(a) If the urban renewal plan is an existing urban renewal plan (other than an existing urban renewal plan designated as an Option Three plan under ORS 457.435 (2)(c)), an urban renewal plan that was an existing urban renewal plan on October 6, 2001, (other than an existing urban renewal plan designated as an Option Three plan under ORS 457.435 (2)(c)) and that was substantially amended as described in ORS 457.085 (2)(i)(A) or (B) on or after October 6, 2001, or an urban renewal plan adopted on or after October 6, 2001, the total of all district tax rates used to extend taxes after any adjustment to reflect tax offsets under ORS 310.105, but does not include any rate derived from:]

[(A) Any urban renewal special levy under ORS 457.435.]

[(B) A local option tax, as defined in ORS 280.040, that is approved by taxing district electors after October 6, 2001.]

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

[(D) The increase in the rate of ad valorem property tax allowable under section 11 (5)(d), Article XI of the Oregon Constitution, for a school district with a statutory rate limit on July 1, 2003, that is greater than \$4.50 per \$1,000 of assessed value, to the extent that the increase is excluded from local revenues, as that term is used in ORS chapter 327, and provided that the school district notifies the county assessor of the rate to be excluded for the current fiscal year not later than July 15.]

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

[(5)(a)] **(4)(a)** "Existing urban renewal plan" means an urban renewal plan that provides for a division of ad valorem property taxes as described under ORS 457.420 to 457.460 adopted by ordinance before December 6, 1996, that:

(A) Except for an amendment made on account of ORS 457.190 (3) and subject to paragraph (b) of this subsection, is not changed by substantial amendment, as described in ORS 457.085 (2)(i)(A) or (B), on or after December 6, 1996; and

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

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

[(6)] **(5)** "Fiscal year" means the fiscal year commencing on July 1 and closing on June 30.

[(7)] **(6)** "Governing body of a municipality" means, in the case of a city, the common council or other legislative body thereof, and, in the case of a county, the board of county commissioners or other legislative body thereof.

[(8)] **(7)** "Housing authority" or "authority" means any housing authority established pursuant to the Housing Authorities Law.

[(9)] **(8)** "Increment" means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in an urban renewal area, or portion thereof, over the assessed value specified in the certified statement.

[(10)] (9) "Maximum indebtedness" means the amount of the principal of indebtedness included in a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness.

[(11)] (10) "Municipality" means any county or any city in this state. "The municipality" means the municipality for which a particular urban renewal agency is created.

[(12)] (11) "Taxing body" or "taxing district" means the state, city, county or any other taxing unit which has the power to levy a tax.

[(13)] (12) "Urban renewal agency" or "agency" means an urban renewal agency created under ORS 457.035 and 457.045.

[(14)] (13) "Urban renewal area" means a blighted area included in an urban renewal plan or an area included in an urban renewal plan under ORS 457.160.

[(15)] "Urban renewal project" or "project" means any work or undertaking carried out under ORS 457.170 in an urban renewal area.]

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

(15) "Urban renewal project" or "project" means any work or undertaking carried out under ORS 457.170 in an urban renewal area.

SECTION 2. ORS 457.445 is amended to read:

457.445. (1)(a) The consolidated billing tax rate of the following urban renewal plans shall be determined under paragraph (b) of this subsection:

(A) An existing urban renewal plan (other than an existing urban renewal plan designated as an Option Three plan under ORS 457.435 (2)(c));

(B) An urban renewal plan that was an existing urban renewal plan on October 6, 2001, (other than an existing urban renewal plan designated as an Option Three plan under ORS 457.435 (2)(c) and that was substantially amended as described in ORS 457.085 (2)(i)(A) or (B) on or after October 6, 2001; and

(C) An urban renewal plan adopted on or after October 6, 2001.

(b)(A) The consolidated billing tax rate of an urban renewal plan described in paragraph (a) of this subsection equals the total of all district tax rates used to extend taxes after any adjustment to reflect tax offsets under ORS 310.105.

(B) Notwithstanding subparagraph (A) of this paragraph, the consolidated billing tax rate of an urban renewal plan described in paragraph (a) of this subsection excludes any rate derived from:

(i) An urban renewal special levy under ORS 457.435.

(ii) A local option tax, as defined in ORS 280.040, that is approved by taxing district electors after October 6, 2001.

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

(iv) The increase in the rate of ad valorem property tax allowable under Article XI, section 11 (5)(d), of the Oregon Constitution, for a school district with a statutory rate limit on July 1, 2003, that is greater than \$4.50 per \$1,000 of assessed value, to the extent that the increase is excluded from local revenues, as that term is used in ORS chapter 327, and provided that the school district notifies the county assessor of the rate to be excluded for the current fiscal year not later than July 15.

(2)(a) The consolidated billing tax rate of all other urban renewal plans equals the total of all district ad valorem property tax rates used to extend taxes after any adjustments to reflect tax offsets under ORS 310.105.

(b) Notwithstanding paragraph (a) of this subsection, the consolidated billing tax rate of urban renewal plans referred to in paragraph (a) of this subsection excludes:

(A) An urban renewal special levy rate under ORS 457.435.

(B) A new local option tax.

(3)(a) Notwithstanding subsection (2)(b)(B) of this section, the consolidated billing tax rate of urban renewal plans referred to in subsection (2)(a) of this section includes a new local option tax imposed in a fiscal year for which the urban renewal agency files with the county assessor an impairment certificate in the manner described in paragraph (b) of this subsection not later than the May 1 immediately preceding the beginning of the fiscal year.

(b) An impairment certificate must:

(A) Identify the urban renewal plan to which it relates;

(B) Instruct the county assessor to include the new local option tax in the consolidated billing tax rate for the urban renewal plan for the ensuing fiscal year;

(C) State that the urban renewal agency has reasonably determined that excluding the new local option tax from the consolidated billing tax rate for the fiscal year under this subsection would impair contracts that the agency has entered into with owners of indebtedness incurred before the effective date of this 2013 Act to carry out an urban renewal plan described in subsection (2) of this section; and

(D) Be signed by an authorized representative of the agency.

(4)(a) Notwithstanding subsection (2) of this section, the governing body of a municipality that adopted an urban renewal plan before December 5, 1996 (other than an existing urban renewal plan designated as an Option Three plan under ORS 457.435 (2)(c)), that would otherwise be required to use a consolidated billing tax rate [as defined in ORS 457.010 (4)(b)] **determined under subsection (2) of this section** may, by resolution or ordinance, irrevocably elect to have amounts collected by dividing the taxes for the urban renewal plan pursuant to ORS 457.440 be determined [instead by using the consolidated billing tax rate as defined in ORS 457.010 (4)(a)] **under subsection (1)(b) of this section.**

(b) [This] An election made pursuant to this subsection applies first to the assessment roll next following if the assessor has received notice of the election from the urban renewal agency before January 1.

(5) As used in this section, “new local option tax” means a local option tax, as defined in ORS 280.040, that is approved by taxing district electors after January 1, 2013.

SECTION 3. ORS 457.440 is amended to read:

457.440. During the period specified under ORS 457.450:

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

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

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

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

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

(d) For plans that are initially approved or substantially amended to increase maximum indebtedness on or after January 1, 2010, the notice must comply with ORS 457.470.

(e) If the agency limits the amount that may be raised by the division of taxes, as provided in ORS 457.455 (1), the notice shall comply with ORS 457.455 (1).

(f) If the plan is not described in paragraph (a), (b), (c), (d) or (e) of this subsection, the notice shall state that the maximum amount of funds that may be raised by dividing the taxes under [section 1c,] Article IX, **section 1c**, of the Oregon Constitution, shall be raised for the agency.

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

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

(5) The maximum amount of funds that may be raised for an urban renewal plan by dividing the taxes as provided in [section 1c,] Article IX, **section 1c**, of the Oregon Constitution, shall be computed by the county assessor as follows:

(a) The county assessor shall compute, **in the manner required under ORS 457.445**, the total consolidated billing tax rate for each code area in which an urban renewal area of the plan is located.

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

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

(6)(a) The county assessor shall certify to the tax collector the amount of funds to be raised for an urban renewal agency as determined under subsection (2) of this section. The tax collector shall include the amount so certified in the percentage schedule of the ratio of taxes on property prepared under ORS 311.390 and filed with the county treasurer. Notwithstanding ORS 311.395 (6), the county treasurer shall credit the amount to the urban renewal agency and shall distribute its percentage amount to the urban renewal agency as determined by the schedule at the times other distributions are made under ORS 311.395 (7).

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

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

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

(9) The Department of Revenue shall by rule establish procedures for giving notice of amounts to be raised for urban renewal agencies and for determination of amounts to be raised and distributed to urban renewal agencies.

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

(11) Notwithstanding any other provision of this chapter, a city with a population of more than 500,000 on January 1, 2010, may, in lieu of its urban renewal agency, take any actions that an urban renewal agency is authorized to take under this section and any other actions that are required to certify, collect, receive, hold and apply tax revenues raised for the urban renewal agency under [section 1c,] Article IX, **section 1c**, of the Oregon Constitution, and taxes authorized for the urban renewal agency by [section 11 (16),] Article XI, **section 11 (16)**, of the Oregon Constitution.

SECTION 4. The amendments to ORS 457.010, 457.440 and 457.445 by sections 1 to 3 of this 2013 Act apply to the division of ad valorem property taxes under ORS 457.420 to 457.460 for tax years beginning on or after July 1, 2014.

SECTION 5. This 2013 Act takes effect on the 91st day after the date on which the 2013 regular session of the Seventy-seventh Legislative Assembly adjourns sine die.

Passed by House May 28, 2013

Received by Governor:

Repassed by House June 21, 2013

.....M,....., 2013

Approved:

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Ramona J. Line, Chief Clerk of House

.....M,....., 2013

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Tina Kotek, Speaker of House

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John Kitzhaber, Governor

Passed by Senate June 20, 2013

Filed in Office of Secretary of State:

.....M,....., 2013

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Peter Courtney, President of Senate

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Kate Brown, Secretary of State