

A-Engrossed
House Bill 3086

Ordered by the House May 6
Including House Amendments dated May 6

Sponsored by Representatives FAGAN, KENNEMER

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.

Requires City of Damascus, if city is disincorporated, to notify public of city's obligation to satisfy city's debts and obligations and to encourage creditors to present claims to city to ensure timely payment. Requires city to satisfy city's current and pending debts and obligations, outstanding employment-related obligations and other debts, obligations, liabilities and expenses requiring satisfaction by disincorporating city.

Requires City of Damascus to transfer moneys in city road fund to Clackamas County and requires expenditure of moneys by county for road purposes within boundaries of former city. Requires city to transfer up to \$3 million to Clackamas County for certain employment-related and other current service expenses in budget of city on date of disincorporation.

Requires [City of Damascus to distribute] distribution to ad valorem property taxpayers [all excess moneys remaining in city funds after satisfying all outstanding legal debts and obligations of city] of former City of Damascus moneys in excess of moneys expended for purposes described above. Requires distribution to Clackamas County, for 10 years, of state shared funds that would otherwise have been distributed to City of Damascus, to compensate county for distribution of excess moneys. Requires that state shared funds be used by county for certain purposes within boundaries of former city.

[Takes effect only if] Becomes operative on earlier of date on which House Bill 3085 (2015) disincorporating City of Damascus is approved by majority of people of city voting in next regular general election held throughout [this] state or date on which appellate court issues final decision holding that question of disincorporation of City of Damascus was effectively approved at 2013 election.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to the distribution of excess moneys in the funds of the City of Damascus; and declaring
3 an emergency.

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

5 **SECTION 1. (1) As soon as practicable after the operative date determined under section**
6 **2 of this 2015 Act and until the 60th day following the operative date, the City of Damascus**
7 **shall post notices in at least two public locations in the city and on the website of the city**
8 **stating that:**

9 (a) Under subsection (2) of this section, the city is required to satisfy all current and
10 pending debts and obligations for which the city is liable; and

11 (b) Persons believing themselves to be creditors of the city should present claims to the
12 city as soon as possible to ensure that all valid debts and obligations for which the city is
13 liable will be timely paid.

14 (2) Notwithstanding ORS 221.650, during the period that begins on the 30th day following
15 the operative date determined under section 2 of this 2015 Act and ends on the 60th day fol-
16 lowing the operative date:

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 (a) The City of Damascus shall expend moneys in the funds of the city to satisfy:

2 (A) Current and pending debts and obligations for which the city is liable, including, but
3 not limited to, debt service payments, lease obligations, financing arrangements and similar
4 obligations;

5 (B) Outstanding obligations relating to employment of city employees, including pension
6 and other employee benefit obligations; and

7 (C) Other debts, obligations, liabilities and expenses requiring financial satisfaction by a
8 disincorporating city.

9 (b) As soon as practicable after making the expenditures required under paragraph (a)
10 of this subsection, the city shall transfer:

11 (A) All moneys in the city road fund to Clackamas County for deposit in a separate ac-
12 count in the county road fund created for purposes of this subparagraph. Moneys in the
13 separate account shall be expended by the county for the purposes for which moneys in the
14 county road fund may be expended, solely in the territory within the corporate boundaries
15 of the City of Damascus as they existed on the operative date determined under section 2
16 of this 2015 Act.

17 (B) An amount not to exceed \$3 million to Clackamas County for deposit in a separate
18 account in the county general fund created for purposes of this subparagraph. Moneys in the
19 separate account shall be expended by the county for expenses related to the employment
20 of employees of the City of Damascus by Clackamas County pursuant to ORS 236.605 to
21 236.640, contracted law enforcement services within the territory of the disincorporated city
22 and other current service expenses in the budget of the City of Damascus on the operative
23 date determined under section 2 of this 2015 Act, and the administration by the county of
24 this subparagraph.

25 (c) The City of Damascus shall transfer all moneys in the funds of the city in excess of
26 the moneys required to be expended under paragraph (a) of this subsection and transferred
27 under paragraph (b) of this subsection to Clackamas County for deposit in a separate account
28 in the county general fund created for purposes of this paragraph. Excess moneys in the
29 separate account shall be distributed by the county as provided in subsection (3) of this
30 section.

31 (3)(a) Excess moneys transferred to Clackamas County under subsection (2)(c) of this
32 section shall be distributed by the county on or as soon as practicable after June 30, 2018,
33 to each person that owned taxable property for which property taxes were paid to the City
34 of Damascus for the property tax year beginning on July 1, 2016, in an amount determined
35 by multiplying the amount of all excess moneys to be distributed under this subsection by
36 the ratio of the cumulative amount of ad valorem property taxes imposed by the city and
37 paid with respect to property owned by the person for the property tax years beginning on
38 July 1, 2014, and ending on June 30, 2017, to the cumulative amount of ad valorem property
39 taxes imposed by the city and paid with respect to property owned by all persons eligible for
40 the distribution under this subsection for the property tax years beginning on July 1, 2014,
41 and ending on June 30, 2017.

42 (b) Excess moneys to be distributed under this subsection that remain unclaimed on June
43 30, 2019, shall be transferred to the general fund of Clackamas County and may be expended
44 by the county in the same manner as other moneys in the general fund.

45 (4)(a) Notwithstanding any other provision of law, in order to compensate Clackamas

1 County for the distribution of excess moneys under subsection (3) of this section, for the
2 period that begins on the 61st day following the operative date determined under section 2
3 of this 2015 Act, and ending 10 years later, funds that would otherwise have been distributed
4 to the City of Damascus under ORS 323.455, 366.785 to 366.820, 403.240 and 471.810 shall be
5 distributed to Clackamas County for deposit in a separate account in the general fund of the
6 county created for purposes of this subsection.

7 (b) Moneys described in paragraph (a) of this subsection shall be expended by the county
8 on costs related to public safety and law enforcement, urban comprehensive planning, code
9 enforcement and waste water and surface water management that are incurred solely in the
10 territory within the corporate boundaries of the City of Damascus as they existed on the
11 operative date determined under section 2 of this 2015 Act. Territory that is removed from
12 the Metro urban growth boundary or that is annexed to another city during the period de-
13 scribed in paragraph (a) of this subsection shall, from the effective date of the removal or
14 annexation, be considered outside the corporate boundaries of the City of Damascus for
15 purposes of this subsection.

16 **SECTION 2.** Section 1 of this 2015 Act does not become operative until the earlier of the
17 date on which:

18 (1) Chapter _____, Oregon Laws 2015 (Enrolled House Bill 3085), is approved by a ma-
19 jority of the voters of the City of Damascus voting on chapter _____, Oregon Laws 2015
20 (Enrolled House Bill 3085), pursuant to section 2, chapter _____, Oregon Laws 2015 (En-
21 rolled House Bill 3085); or

22 (2) An appellate court of this state issues a final decision that is not subject to further
23 appeal holding that the question of the disincorporation of the City of Damascus voted on
24 at the November 5, 2013, election was effectively approved.

25 **SECTION 3.** This 2015 Act being necessary for the immediate preservation of the public
26 peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect
27 on its passage.