

B-Engrossed
House Bill 3086

Ordered by the Senate June 12
Including House Amendments dated May 6 and Senate Amendments dated
June 12

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 of **valid debts and obligations**. 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 distribution to ad valorem property taxpayers 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.

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 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. **Provides that, if appellate court issues final decision before next primary election, House Bill 3085 (2015) is repealed and may not be submitted to people of City of Damascus for vote and, if House Bill 3085 (2015) is submitted to people for vote, ballots on question may not be counted.**

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, including but not limited to the processing of expenditures under this
25 subparagraph.

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

32 (3)(a) Excess moneys transferred to Clackamas County under subsection (2)(c) of this
33 section shall be distributed by the county on or as soon as practicable after January 1, 2018,
34 to each person that owned taxable property as of June 30, 2016, for which property taxes
35 were paid in full to the City of Damascus for the property tax year beginning on July 1, 2015,
36 in an amount determined by multiplying the amount of all excess moneys to be distributed
37 under this subsection by the ratio of the cumulative amount of ad valorem property taxes
38 certified by the city and paid with respect to the property owned by the person for the
39 property tax years beginning on July 1, 2013, and ending on June 30, 2016, to the cumulative
40 amount of ad valorem property taxes certified by the city and paid with respect to property
41 owned by all persons eligible for the distribution under this subsection for the property tax
42 years beginning on July 1, 2013, and ending on June 30, 2016.

43 (b) Notwithstanding paragraph (a) of this subsection, amounts that would otherwise be
44 distributed under paragraph (a) of this subsection to a taxpayer with respect to a homestead
45 granted deferral under ORS 311.666 to 311.701 shall be paid to the credit of the account

1 maintained for the deferred property by the Department of Revenue pursuant to ORS 311.676.
2 The county shall notify the taxpayer upon making a payment to the department under this
3 paragraph.

4 (c) A distribution is not required under this subsection if the amount of the distribution
5 would be \$10 or less.

6 (d) Before making the distributions described in this subsection, the county may retain
7 an amount of the excess moneys equal to the actual costs of the county in making the dis-
8 tributions.

9 (e) Excess moneys to be distributed under this subsection that remain unclaimed on
10 January 1, 2019, shall be transferred to the general fund of Clackamas County and may be
11 expended by the county in the same manner as other moneys in the general fund.

12 (4)(a) Notwithstanding any other provision of law, in order to compensate Clackamas
13 County for the distribution of excess moneys under subsection (3) of this section, for the
14 period that begins on the 61st day following the operative date determined under section 2
15 of this 2015 Act, and ending 10 years later, funds that would otherwise have been distributed
16 to the City of Damascus under ORS 323.455, 366.785 to 366.820, 403.240 and 471.810 shall be
17 distributed to Clackamas County for deposit in a separate account in the general fund of the
18 county created for purposes of this subsection.

19 (b) Moneys described in paragraph (a) of this subsection shall be expended by the county
20 on costs, including the actual costs of the county in administering this subsection, related
21 to public safety and law enforcement, urban comprehensive planning, code enforcement and
22 waste water and surface water management that are incurred solely in the territory within
23 the corporate boundaries of the City of Damascus as they existed on the operative date de-
24 termined under section 2 of this 2015 Act. Territory that is removed from the Metro urban
25 growth boundary or that is annexed to another city during the period described in paragraph
26 (a) of this subsection shall, from the effective date of the removal or annexation, be consid-
27 ered outside the corporate boundaries of the City of Damascus for purposes of this sub-
28 section.

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

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

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

38 **SECTION 3.** If an appellate court of this state issues a final decision described in section
39 2 (2) of this 2015 Act before the date of the next primary election:

40 (1) Chapter _____, Oregon Laws 2015 (Enrolled House Bill 3085), is repealed;

41 (2) The Secretary of State may not submit chapter _____, Oregon Laws 2015 (Enrolled
42 House Bill 3085), to the people of the City of Damascus for their approval or rejection at a
43 special election held on the same date as the next primary election; and

44 (3) If chapter _____, Oregon Laws 2015 (Enrolled House Bill 3085), is submitted to the
45 people of the City of Damascus for their approval or rejection at a special election held on

1 the same date as the next primary election, the ballots on the question of chapter _____,
2 Oregon Laws 2015 (Enrolled House Bill 3085), may not be counted.

3 **SECTION 4.** This 2015 Act being necessary for the immediate preservation of the public
4 peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect
5 on its passage.
6 _____