

**PROPOSED AMENDMENTS TO  
HOUSE BILL 3497**

1 On page 1 of the printed bill, delete lines 5 through 31 and delete pages  
2 2 through 5 and insert:

3 **“SECTION 1.** ORS 327.019 is amended to read:

4 “327.019. (1) As used in this section:

5 “(a) ‘Education service district extended ADMw’ means the sum of the  
6 extended ADMw of the school districts located within the territory of the  
7 education service district as computed under ORS 327.013.

8 “(b) ‘Local revenues of an education service district’ means the total of  
9 the following:

10 “(A) The amount of revenue offset against local property taxes as deter-  
11 mined by the Department of Revenue under ORS 311.175 (3)(a)(A);

12 “(B) The amount of property taxes actually received by the district in-  
13 cluding penalties and interest on taxes;

14 “(C) The amount of revenue received by the district from state-managed  
15 forestlands under ORS 530.115 (1)(b) and (c); and

16 “(D) Any positive amount obtained by subtracting the operating property  
17 taxes actually imposed by the district based on the rate certified pursuant  
18 to ORS 310.060 from the amount that would have been imposed by the dis-  
19 trict if the district had certified the maximum rate of operating property  
20 taxes allowed by law.

21 “(2) Each fiscal year, the Superintendent of Public Instruction shall cal-  
22 culate a State School Fund grant for each education service district as pro-

1 vided in this section.

2 “(3)(a) Each fiscal year, the superintendent shall calculate the total  
3 amount appropriated or allocated to the State School Fund and available for  
4 distribution to school districts, education service districts and programs +  
5 total amount of local revenues of all school districts, computed as provided  
6 in ORS 327.011, + total amount of local revenues of all education service  
7 districts. The superintendent may not include in the calculation under this  
8 paragraph amounts received by the Department of Education from the State  
9 School Fund under ORS 343.243.

10 “(b) The superintendent shall multiply the amount calculated under par-  
11 agraph (a) of this subsection by 95.5 percent.

12 “(c) Based on the amount calculated under paragraph (b) of this sub-  
13 section, the superintendent shall calculate a funding percentage to distribute  
14 as nearly as practicable under ORS 327.006 to 327.133 and 327.348 and  
15 sections 1 to 3, chapter 735, Oregon Laws 2013, the total amount calculated  
16 under paragraph (b) of this subsection as school district general purpose  
17 grants, facility grants, high cost disabilities grants and transportation grants  
18 to school districts.

19 “(d) Based on the funding percentage calculated under paragraph (c) of  
20 this subsection, the superintendent shall calculate the general purpose grant,  
21 facility grant, transportation grant and high cost disabilities grant amounts  
22 for each school district.

23 “(4)(a) The general services grant for an education service district shall  
24 equal the higher of:

25 “(A) The total amount calculated under subsection (3)(d) of this section  
26 for the school districts located within the territory of the education service  
27 district  $\times (4.5 \div 95.5)$ ; or

28 “(B) [*\$1 million*] **\$1,360,000, as adjusted each school year based on the**  
29 **same percentage by which the amount appropriated to the State**  
30 **School Fund for distribution to education service districts is increased**

1 **or decreased as compared with the amount appropriated for the**  
2 **2015-2016 school year**, if the education service district received a general  
3 services grant of \$1 million for the 2010-2011 school year.

4 “(b) Notwithstanding paragraph (a) of this subsection and only for State  
5 School Fund distributions made for the first school year after two or more  
6 education service districts join together, if an education service district re-  
7 ceived a general services grant as provided by paragraph (a)(B) of this sub-  
8 section prior to the education service district joining together with one or  
9 more other education service districts to form a new education service dis-  
10 trict:

11 “(A) The general services grant for the new education service district  
12 shall be calculated for each component education service district as though  
13 the component education service districts had not joined together to form a  
14 new education service district; and

15 “(B) A component education service district that received [*\$1 million*] **an**  
16 **amount** as provided by paragraph (a)(B) of this subsection shall be entitled  
17 to receive [*\$1 million*] **that amount** under the calculation provided by this  
18 paragraph.

19 “(5) Subject to subsection (6) of this section, the State School Fund grant  
20 for an education service district = general services grant – local revenues  
21 of the education service district.

22 “(6)(a) After completing the calculations under subsections (2) to (5) of  
23 this section, the Superintendent of Public Instruction shall apportion from  
24 the State School Fund to each education service district an amount =  
25 (funding percentage × general services grant) – local revenues of the edu-  
26 cation service district.

27 “(b) The funding percentage used in paragraph (a) of this subsection shall  
28 be calculated by the superintendent to distribute as nearly as practicable the  
29 total amount available for distribution to education service districts from the  
30 State School Fund for each fiscal year.

1 “(7) Notwithstanding subsections (5) and (6) of this section:

2 “(a) The State School Fund grant of an education service district may not  
3 be less than zero; and

4 “(b) The State School Fund grant of an education service district shall  
5 be in an amount that, when combined with the local revenues of the educa-  
6 tion service district, equals [*\$1 million or more*] **\$1,360,000, as adjusted each**  
7 **school year based on the same percentage by which the amount ap-**  
8 **propriated to the State School Fund for distribution to education ser-**  
9 **vice districts is increased or decreased as compared with the amount**  
10 **appropriated for the 2015-2016 school year.**

11 “(8) An education service district shall distribute to school districts lo-  
12 cated within the territory of the education service district any amount of  
13 local revenues of the education service district that is greater than the  
14 general services grant. The amount that each school district receives under  
15 this subsection shall be prorated based on the district extended ADMw of the  
16 school district as calculated under ORS 327.013.

17 “(9)(a) An education service district shall distribute to a school district  
18 that is located within the territory of the education service district but that  
19 has withdrawn from the education service district as provided in ORS 334.015  
20 the amounts received by the education service district as a general services  
21 grant and from the School Improvement Fund.

22 “(b) The amounts that a school district receives under this subsection:

23 “(A) Shall be prorated based on the district extended ADMw of the school  
24 district as calculated under ORS 327.013;

25 “(B) Shall equal 90 percent of the school district’s prorated share, as  
26 calculated under subparagraph (A) of this paragraph; and

27 “(C) May be used to pay for any expenses incurred in providing services  
28 described in ORS 334.175 (2) to the students of the school district by:

29 “(i) The school district;

30 “(ii) The education service district from which the school district with-

1 drew;

2 “(iii) An education service district that is not the education service dis-  
3 trict from which the school district withdrew; or

4 “(iv) Any other public entity with which the school district has entered  
5 into a contract to provide the services.

6 **“SECTION 2.** ORS 327.019, as amended by section 9, chapter 735, Oregon  
7 Laws 2013, is amended to read:

8 “327.019. (1) As used in this section:

9 “(a) ‘Education service district extended ADMw’ means the sum of the  
10 extended ADMw of the school districts located within the territory of the  
11 education service district as computed under ORS 327.013.

12 “(b) ‘Local revenues of an education service district’ means the total of  
13 the following:

14 “(A) The amount of revenue offset against local property taxes as deter-  
15 mined by the Department of Revenue under ORS 311.175 (3)(a)(A);

16 “(B) The amount of property taxes actually received by the district in-  
17 cluding penalties and interest on taxes;

18 “(C) The amount of revenue received by the district from state-managed  
19 forestlands under ORS 530.115 (1)(b) and (c); and

20 “(D) Any positive amount obtained by subtracting the operating property  
21 taxes actually imposed by the district based on the rate certified pursuant  
22 to ORS 310.060 from the amount that would have been imposed by the dis-  
23 trict if the district had certified the maximum rate of operating property  
24 taxes allowed by law.

25 “(2) Each fiscal year, the Superintendent of Public Instruction shall cal-  
26 culate a State School Fund grant for each education service district as pro-  
27 vided in this section.

28 “(3)(a) Each fiscal year, the superintendent shall calculate the total  
29 amount appropriated or allocated to the State School Fund and available for  
30 distribution to school districts, education service districts and programs +

1 total amount of local revenues of all school districts, computed as provided  
2 in ORS 327.011, + total amount of local revenues of all education service  
3 districts. The superintendent may not include in the calculation under this  
4 paragraph amounts received by the Department of Education from the State  
5 School Fund under ORS 343.243.

6 “(b) The superintendent shall multiply the amount calculated under par-  
7 agraph (a) of this subsection by 95.5 percent.

8 “(c) Based on the amount calculated under paragraph (b) of this sub-  
9 section, the superintendent shall calculate a funding percentage to distribute  
10 as nearly as practicable under ORS 327.006 to 327.133 and 327.348 the total  
11 amount calculated under paragraph (b) of this subsection as school district  
12 general purpose grants, facility grants, high cost disabilities grants and  
13 transportation grants to school districts.

14 “(d) Based on the funding percentage calculated under paragraph (c) of  
15 this subsection, the superintendent shall calculate the general purpose grant,  
16 facility grant, transportation grant and high cost disabilities grant amounts  
17 for each school district.

18 “(4)(a) The general services grant for an education service district shall  
19 equal the higher of:

20 “(A) The total amount calculated under subsection (3)(d) of this section  
21 for the school districts located within the territory of the education service  
22 district  $\times (4.5 \div 95.5)$ ; or

23 “(B) **[\$1 million] \$1,360,000, as adjusted each school year based on the**  
24 **same percentage by which the amount appropriated to the State**  
25 **School Fund for distribution to education service districts is increased**  
26 **or decreased as compared with the amount appropriated for the**  
27 **2015-2016 school year**, if the education service district received a general  
28 services grant of \$1 million for the 2010-2011 school year.

29 “(b) Notwithstanding paragraph (a) of this subsection and only for State  
30 School Fund distributions made for the first school year after two or more

1 education service districts join together, if an education service district re-  
2 ceived a general services grant as provided by paragraph (a)(B) of this sub-  
3 section prior to the education service district joining together with one or  
4 more other education service districts to form a new education service dis-  
5 trict:

6 “(A) The general services grant for the new education service district  
7 shall be calculated for each component education service district as though  
8 the component education service districts had not joined together to form a  
9 new education service district; and

10 “(B) A component education service district that received [*\$1 million*] **an**  
11 **amount** as provided by paragraph (a)(B) of this subsection shall be entitled  
12 to receive [*\$1 million*] **that amount** under the calculation provided by this  
13 paragraph.

14 “(5) Subject to subsection (6) of this section, the State School Fund grant  
15 for an education service district = general services grant – local revenues  
16 of the education service district.

17 “(6)(a) After completing the calculations under subsections (2) to (5) of  
18 this section, the Superintendent of Public Instruction shall apportion from  
19 the State School Fund to each education service district an amount =  
20 (funding percentage × general services grant) – local revenues of the edu-  
21 cation service district.

22 “(b) The funding percentage used in paragraph (a) of this subsection shall  
23 be calculated by the superintendent to distribute as nearly as practicable the  
24 total amount available for distribution to education service districts from the  
25 State School Fund for each fiscal year.

26 “(7) Notwithstanding subsections (5) and (6) of this section:

27 “(a) The State School Fund grant of an education service district may not  
28 be less than zero; and

29 “(b) The State School Fund grant of an education service district shall  
30 be in an amount that, when combined with the local revenues of the educa-

1 tion service district, equals [*\$1 million or more*] **\$1,360,000, as adjusted each**  
2 **school year based on the same percentage by which the amount ap-**  
3 **propriated to the State School Fund for distribution to education ser-**  
4 **vice districts is increased or decreased as compared with the amount**  
5 **appropriated for the 2015-2016 school year.**

6 “(8) An education service district shall distribute to school districts lo-  
7 cated within the territory of the education service district any amount of  
8 local revenues of the education service district that is greater than the  
9 general services grant. The amount that each school district receives under  
10 this subsection shall be prorated based on the district extended ADMw of the  
11 school district as calculated under ORS 327.013.

12 “(9)(a) An education service district shall distribute to a school district  
13 that is located within the territory of the education service district but that  
14 has withdrawn from the education service district as provided in ORS 334.015  
15 the amounts received by the education service district as a general services  
16 grant and from the School Improvement Fund.

17 “(b) The amounts that a school district receives under this subsection:

18 “(A) Shall be prorated based on the district extended ADMw of the school  
19 district as calculated under ORS 327.013;

20 “(B) Shall equal 90 percent of the school district’s prorated share, as  
21 calculated under subparagraph (A) of this paragraph; and

22 “(C) May be used to pay for any expenses incurred in providing services  
23 described in ORS 334.175 (2) to the students of the school district by:

24 “(i) The school district;

25 “(ii) The education service district from which the school district with-  
26 drew;

27 “(iii) An education service district that is not the education service dis-  
28 trict from which the school district withdrew; or

29 “(iv) Any other public entity with which the school district has entered  
30 into a contract to provide the services.



1       **“SECTION 3. The amendments to ORS 327.019 by sections 1 and 2**  
2 **of this 2015 Act apply to State School Fund distributions commencing**  
3 **with the 2015-2016 distributions.**

4       **“SECTION 4. This 2015 Act being necessary for the immediate**  
5 **preservation of the public peace, health and safety, an emergency is**  
6 **declared to exist, and this 2015 Act takes effect July 1, 2015.”.**

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