

## **HB 2745 A -3 STAFF MEASURE SUMMARY**

### **House Committee On Revenue**

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**Prepared By:** Kyle Easton, Economist

**Meeting Dates:** 5/4, 5/22, 5/23

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#### **WHAT THE MEASURE DOES:**

Allows an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities and that qualifies as recipient of Federal Transit Administration funding, to issue general obligation bonds and assess, levy and collect ad valorem property taxes, including operating taxes and local option levies. Allows intergovernmental entity to provide nonrail public transportation and terminal facilities for public transportation. Provides intergovernmental entity ability to divide territory of entity into zones for the purpose of imposing and levying property taxes at different rates in each zone based upon qualitative differences in services provided. Specifies procedure to be followed allowing intergovernmental entity authority to tax; specified procedure includes requirements for local government body and voter approval. Takes effect on 91st day following adjournment sine die.

#### **ISSUES DISCUSSED:**

5/4/2017

- -A2 amendments reflective of concept being crafted but more language adjustment is expected
- Responsibility of municipal partners of intergovernmental entities in instances where a default on a bond occurs
- Potential impact a permanent revenue source stemming from a statewide transit package could have on Cascades East Transit's funding plan
- Potential of statewide funding working as a compliment to proposed property tax funding sources, reasonable expectation is that statewide funding would not fully fund desired transit programs or backlog of transportation maintenance required
- Legal structure of intergovernmental entities and their composition
- Employees of intergovernmental entities are considered public employees.

5/22/2017

- Changes in the -A3
- Government entity responsible for any bond levy that is issued.

#### **EFFECT OF AMENDMENT:**

-3 Replaces significant portion of content.

Provides intergovernmental entity ability to divide territory of entity into zones for the purpose of imposing and levying property taxes at different rates in each zone based upon qualitative differences in services provided. Specifies procedure to be followed in order for intergovernmental entity to undertake imposition of tax and dividing of territory. Allows, with voter and/or local governing body approval, intergovernmental entity to establish permanent rate limit for operating taxes, impose local option taxes or issue general obligation bonds. Before intergovernmental entity may impose ad valorem property taxes, requires: establishment of one or more transit advisory councils representative of each zone in which ad valorem property taxes are to be imposed, maintain adequate levels of communication with affected local governments and perform an annual report and an annual audit.

#### **BACKGROUND:**

## HB 2745 A -3 STAFF MEASURE SUMMARY

Enacted in 2001, Senate Bill 933 authorized intergovernmental entities to operate, maintain, repair, and improve transportation facilities. An intergovernmental entity is not the same as a mass transit district, however, intergovernmental entities are subject to local budget law statutes ORS 294.305 to 294.565. A notable difference between a mass transit district and a transportation intergovernmental entity with authorities provided by measure, is the ability of the intergovernmental entity to impose property taxes at different rates in different zones of the intergovernmental entity and expend those revenues within the zone in which collections are derived.

The Central Oregon Intergovernmental Council (COIC) provides regional transit service in Deschutes, Jefferson, and Crook Counties via Cascades East Transit (CET).