

House Bill 2278

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Kate Brown for Department of Revenue)

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 **as introduced**.

Authorizes municipal corporation to budget for estimated debt service payments when general obligation bonds are approved by voters at May election.

Provides that historic ghost towns do not have to comply with Local Budget Law.

Creates consistency in methods by which community college districts budget and make appropriations.

Makes nonsubstantive housekeeping changes to Local Budget Law statutes.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to local budget law; creating new provisions; amending ORS 199.743, 261.200, 294.175,
3 294.316, 294.456, 294.476, 478.410, 553.720 and 568.806; and prescribing an effective date.

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

5 **SECTION 1. Section 2 of this 2017 Act is added to and made a part of ORS 294.305 to**
6 **294.565.**

7 **SECTION 2. (1) If the voters of a municipal corporation approve the issuance of general**
8 **obligation bonds at a May election, the budget of the municipal corporation adopted under**
9 **ORS 294.456 may include estimated requirements to pay debt service on the bonds during the**
10 **ensuing year or each of the years of the ensuing budget period.**

11 **(2) On or after July 1 and before September 1 following the election described in sub-**
12 **section (1) of this section, the governing body of the municipal corporation may adopt an**
13 **ordinance or resolution imposing and categorizing a tax levy necessary to pay the estimated**
14 **debt service on the bonds described in subsection (1) of this section. The portion of an ordi-**
15 **nance or resolution that is adopted under this subsection does not become effective until the**
16 **debt is incurred.**

17 **(3) The assessor of the county in which the municipal corporation is located shall accept**
18 **a written notice certifying the estimated amount of ad valorem property taxes to be imposed**
19 **by the municipal corporation pursuant to an ordinance or resolution adopted under sub-**
20 **section (2) of this section, or of a subsequent ordinance or resolution imposing and categor-**
21 **izing a tax levy in an amount that is less than the amount imposed under subsection (2) of**
22 **this section, on or before September 1 of the property tax year, provided the governing body**
23 **of the municipal corporation timely files and is approved for an extension under ORS 310.060.**

24 **SECTION 3. ORS 294.316 is amended to read:**

25 294.316. The provisions of ORS 294.305 to 294.565 do not apply to the following municipal cor-
26 porations and entities:

27 (1) Drainage districts organized under ORS chapter 547;

28 (2) District improvement companies organized under ORS chapter 554;

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 (3) Highway lighting districts organized under ORS chapter 372;
- 2 (4) Irrigation districts organized under ORS chapter 545;
- 3 (5) Road districts organized under ORS chapter 371;
- 4 (6) Soil and water conservation districts organized under ORS chapter 568 that will not levy an
- 5 ad valorem tax during the ensuing year or ensuing budget period;
- 6 (7) Municipal public utilities operating under separate boards or commissions, authorized under
- 7 ORS chapter 225 and city charters, and people’s utility districts organized under ORS chapter 261,
- 8 both operating without ad valorem tax support during the ensuing year or ensuing budget period;
- 9 (8) Housing authorities [*organized under ORS 446.515 to 446.547 and ORS chapter 456*] **created**
- 10 **under ORS 456.055 to 456.235** that are not carrying out urban renewal activities using a division
- 11 of ad valorem taxes under ORS 457.440 during the ensuing year or ensuing budget period;
- 12 (9) Water control districts organized under ORS chapter 553 that will not levy an ad valorem
- 13 tax during the ensuing year or ensuing budget period;
- 14 (10) Hospital financing authorities organized under ORS 441.525 to 441.595;
- 15 (11) Export trading corporations organized under ORS 777.755 to 777.800;
- 16 (12) Diking districts organized under ORS chapter 551;
- 17 (13) Health districts organized under ORS 440.315 to 440.410; [*and*]
- 18 (14) Intergovernmental entities created under ORS 190.010, including councils of governments
- 19 described in ORS 294.900 to 294.930, except that an intergovernmental entity or a council of gov-
- 20 ernments that proposes to impose ad valorem property taxes for the ensuing year or budget period
- 21 is subject to ORS 294.305 to 294.565 for the budget prepared for that year or period[.]; **and**
- 22 **(15) Historic ghost towns as defined in ORS 221.862.**
- 23 **SECTION 4.** ORS 294.456 is amended to read:
- 24 294.456. (1)(a) After the public hearing required under ORS 294.453 (1) and consideration of
- 25 matters discussed at the public hearing, the governing body of a municipal corporation shall enact
- 26 the ordinances or resolutions necessary to adopt the budget, to make the appropriations, to deter-
- 27 mine, make and declare the ad valorem property tax amount or rate to be certified to the assessor
- 28 for either the ensuing year or each of the years of the ensuing budget period and to itemize and
- 29 categorize the ad valorem property tax amount or rate as required under ORS 310.060.
- 30 (b) The governing body may amend the budget estimates and proposed ad valorem property tax
- 31 amount or rate in the budget document before adoption under paragraph (a) of this subsection and
- 32 after adoption if the post-adoption amendments are adopted prior to the commencement of the fiscal
- 33 year or budget period to which the budget relates.
- 34 (c) Notwithstanding paragraph (b) of this subsection, unless the amended budget document is
- 35 republished pursuant to ORS 294.438 or 294.448 in the same manner as the original budget and an-
- 36 other public hearing is held pursuant to ORS 294.453 (1), or except to the extent ad valorem prop-
- 37 erty taxes may be increased under ORS 294.476:
- 38 (A) The amount of estimated expenditures for each fund in an annual budget may not be in-
- 39 creased by more than \$5,000 or 10 percent of the estimated expenditures, whichever is greater;
- 40 (B) The amount of estimated expenditures for each fund in a biennial budget may not be in-
- 41 creased by more than \$10,000 or 10 percent of the estimated expenditures, whichever is greater; and
- 42 (C) The amount or rate of the total ad valorem property taxes to be certified by the municipal
- 43 corporation to the assessor may not exceed the amount approved by the budget committee.
- 44 (2)(a) After a public hearing under ORS 294.453 (2) or (3), receipt of the certification of the tax
- 45 supervising and conservation commission, if required, and consideration of any orders, recommen-

1 dations or objections made by the tax supervising and conservation commission in accordance with
 2 law, the governing body of a municipal corporation shall enact the ordinances or resolutions nec-
 3 essary to adopt the budget, to make the appropriations, to determine, make and declare the ad
 4 valorem property tax amount or rate for either the ensuing fiscal year or each of the fiscal years
 5 of the ensuing budget period and to itemize and categorize the ad valorem property tax amount or
 6 rate as required under ORS 310.060.

7 (b) The action taken by the governing body under paragraph (a) of this subsection on each order,
 8 recommendation or objection made by the commission, with the reasons for the action, must be in-
 9 cluded in the ordinance or resolution adopting the budget.

10 (c) The governing body shall send a certified copy of the ordinance or resolution to the com-
 11 mission within 15 days after the date the ordinance or resolution is adopted.

12 (d) The governing body may amend the budget estimates, appropriations and ad valorem prop-
 13 erty tax amount or rate in the budget document before adoption under paragraph (a) of this sub-
 14 section and after adoption if the post-adoption amendments are adopted prior to the commencement
 15 of the fiscal year or budget period to which the budget relates.

16 (e) Notwithstanding paragraph (d) of this subsection, unless the amended budget document is
 17 resubmitted to the tax supervising and conservation commission for another public hearing and for
 18 recommendations or objections of the commission, or except to the extent ad valorem property taxes
 19 may be increased under ORS 294.476:

20 (A) The amount of estimated expenditures for each fund in an annual budget may not be in-
 21 creased by more than \$5,000 or 10 percent of the estimated expenditures, whichever is greater;

22 (B) The amount of estimated expenditures for each fund in a biennial budget may not be in-
 23 creased by more than \$10,000 or 10 percent of the estimated expenditures, whichever is greater; and

24 (C) The amount or rate of the total ad valorem property taxes to be certified by the municipal
 25 corporation to the assessor may not exceed the amount approved by the budget committee.

26 (3)(a) Except as provided in subsections (4) and (5) of this section, the appropriations required
 27 under subsections (1) and (2) of this section must contain:

28 (A) One amount for each organizational unit or program of each fund that is the total of all
 29 amounts for personnel services, materials and services and capital outlay attributable to the organ-
 30 izational unit or program; and

31 (B) Separate amounts in each fund for operating expenses for personnel services, materials and
 32 services and capital outlay that cannot be allocated to a particular organizational unit or program
 33 and for debt service, special payments, interfund revenue transfers and operating contingencies.

34 (b) Separate amounts for activities within an organizational unit or program may be appropri-
 35 ated separately.

36 (c) For a municipal corporation to which the terms “organizational unit” and “program” do not
 37 apply, the appropriations must contain separate amounts for personnel services, materials and ser-
 38 vices, capital outlay, debt service, special payments, interfund revenue transfers and operating con-
 39 tingencies for each fund.

40 (4) For a school district or an education service district, the appropriations required under
 41 subsections (1) and (2) of this section must contain separate amounts in each major fund for each
 42 major function, as prescribed by the Department of Education in consultation with the Department
 43 of Revenue, including instruction, support services, enterprise and community services, facilities
 44 acquisition and construction, interfund revenue transfers, debt service and operating contingencies.

45 (5) For a community college district, the appropriations required under subsections (1) and (2)

1 of this section must contain separate amounts in each fund for:

2 (a) Each major function, as prescribed by the Office of Community Colleges and Workforce De-
 3 velopment in consultation with the Department of Revenue, including instruction, instructional
 4 support, student services, community services, college support services, interfund transfers, debt
 5 service and operating contingencies;

6 (b) Each major function as required under subsection (4) of this section; or

7 (c) Each **organizational unit or** program [or] **and** each object classification required under
 8 subsection (3) of this section.

9 (6) Except as provided in ORS 294.338, 294.463, 294.466, 294.471, 294.473 and 294.478, after the
 10 governing body has enacted the ordinances or resolutions necessary to adopt the budget as required
 11 under this section, an expenditure, or encumbrance if encumbrance accounting is used, of public
 12 money may not be made for any purpose in an amount greater than the amount appropriated.

13 (7) The governing body of a municipal corporation shall record the amount or rate of ad valorem
 14 property taxes to be certified and the purposes for which the taxes will be used. Except as provided
 15 in ORS 294.476, the municipal corporation may not certify ad valorem property taxes in an amount
 16 or rate greater than the amount or rate recorded for the purposes indicated.

17 (8)(a) The governing body of a municipal corporation shall determine, make and declare ad
 18 valorem property taxes under subsections (1) and (2) of this section as a rate per \$1,000 of assessed
 19 value if the taxes are operating taxes as defined in ORS 310.055 (1) or rate-based local option taxes.

20 (b) The governing body shall determine, make and declare ad valorem property taxes under
 21 subsections (1) and (2) of this section as an amount if the taxes are certified as amount-based local
 22 option taxes, to pay principal and interest on exempt bonded indebtedness or to pay other govern-
 23 ment obligations described in [section 11 (5),] Article XI, **section 11 (5)**, of the Oregon Constitution.

24 (c) Notwithstanding paragraph (a) of this subsection, the governing body may certify operating
 25 taxes as defined in ORS 310.055 (1) as a rate or an amount if less than the full authority is needed
 26 to balance the fund that will receive the taxes.

27 **SECTION 5.** ORS 199.743 is amended to read:

28 199.743. (1) Notwithstanding ORS 294.305 to [294.520] **294.565** and 310.010 to 310.110, if the
 29 charter for a city-county is approved under ORS 199.740 (1) and the effective date of such charter
 30 is other than the date of the beginning of the fiscal year immediately following the fiscal year in
 31 progress on the effective date of such charter, during the remainder of the fiscal year in progress
 32 on the effective date of such charter the city-county shall expend moneys and levy taxes in accord-
 33 ance with the budgets prepared and adopted by each of the municipal corporations consolidated,
 34 merged or dissolved in the formation of the city-county pursuant to such charter, as if such charter
 35 had not taken effect. For the purposes of this section, the city-county shall be considered to be a
 36 continuation of each municipal corporation consolidated, merged or dissolved in the formation of the
 37 city-county.

38 (2) As used in subsection (1) of this section:

39 (a) "Fiscal year" has the meaning given that term in ORS 294.311.

40 (b) "Municipal corporation" has the meaning given that term in ORS 294.311.

41 **SECTION 6.** ORS 261.200 is amended to read:

42 261.200. (1) If a majority of votes cast at the election favors formation of the people's utility
 43 district and authorization of the district to impose a special levy for the purposes stated in the pe-
 44 tition for formation, or annexation of a parcel of territory or a city to an existing district, or con-
 45 solidation of two or more districts, as the case may be, and in conformity with provisions of ORS

1 261.105 and 261.110, the county governing body shall issue a proclamation accordingly and file a
2 certified copy with the county clerk of each county where the district or any portion thereof is lo-
3 cated. The proclamation for formation of a district shall be in substantially the following form:

4 _____
5
6 Whereas at an election duly and regularly held on the ____ day of _____, 2____, within
7 _____ County (or _____ Counties), State of Oregon, and within the boundaries of a pro-
8 posed district as herein described, there was submitted to the electors thereof the question whether
9 or not a people’s utility district should be incorporated as the (here insert name of district) and to
10 give authority to impose a special levy of \$_____ under and pursuant to the provisions of ORS
11 chapter 261; and

12 Whereas at the election so held ____ votes were cast in favor of incorporation, and ____ votes
13 were cast against incorporation; and

14 Whereas the incorporation of the (here insert name of district) received the affirmative vote of
15 the majority of the votes cast at the election;

16 Now, therefore, the undersigned hereby does proclaim and declare that all of that part of the
17 State of Oregon, described as (here insert description) has been duly and legally incorporated as the
18 _____ People’s Utility District under and pursuant to the Constitution and laws of the State
19 of Oregon, and the district has the authority to collect the sum of \$_____ by special levy against
20 the taxable property within the district.

21 Chairperson of the County Governing Body.

22 By _____
23 _____
24

25 (2) The proclamation for annexing a parcel of territory or a city to an existing district or the
26 consolidation of two or more existing districts, or both, shall be adaptations of the above procla-
27 mation.

28 (3) The proclamation of formation, with the notice of boundary change under ORS 308.225, shall
29 be filed by the district with the county assessor of each county in which any portion of the district
30 is situated, who shall thereupon enter the special levy.

31 (4) Expenditure of the moneys received from the special levy for the purposes stated in the pe-
32 tition for district formation may be made by the district without prior adoption of a budget under
33 ORS 294.305 to [294.520] **294.565**.

34 (5) Following proclamation of formation of a district, any person whose property has been im-
35 properly included within a district, contrary to the provisions of ORS 261.110 (5) or (7), may petition
36 a county governing body to revise the district boundaries to exclude the property. After notice to
37 the district, and a hearing on the petition, the county governing body shall revise the district
38 boundaries to exclude such property as it finds should not have been included within the district
39 under the standards set forth in ORS 261.110 (5) or (7). Upon such findings and boundary revisions
40 a district shall be permitted to refund related taxes paid that are based upon assessments made after
41 January 1, 1978. Boundary revisions shall comply with ORS 308.225. The remedy provided in this
42 subsection shall be available only to persons owning property in districts which were formed after
43 January 1, 1978.

44 **SECTION 7.** ORS 294.175 is amended to read:

45 294.175. (1) As used in this section and ORS 294.178 to 294.187:

1 (a) "Department" means the Department of Revenue.

2 (b) "Expenditures" has the meaning given the term for purposes of ORS 294.305 to [294.520]
3 **294.565** and may be further defined by rule of the department. "Expenditures" does not include any
4 item or class of items that cannot reasonably be allocated to an organizational unit.

5 (c) "Expenditures for assessment and taxation" means expenditures for any of the activities,
6 functions or services required of a county in the assessment, equalization, levy, collection or dis-
7 tribution of property taxes under ORS chapters 305, 306, 307, 308, 308A, 309, 310, 311, 312 and 321.
8 "Expenditures for assessment and taxation" specifically includes expenditures for appraising
9 county-appraised industrial property, if the responsibility for making the appraisal has been deleg-
10 ated by the department to a county assessor under ORS 306.126 (3).

11 (d) "Grant" has the meaning given the term for purposes of ORS 294.305 to [294.520] **294.565**,
12 and is further described under ORS 294.178.

13 (2) On or before May 1 of each year, each county shall file with the department a true copy of
14 its estimates of expenditures for assessment and taxation for the ensuing year as prepared for pur-
15 poses of ORS 294.388 but in accordance with any rules adopted by the department.

16 (3) Upon receipt of the estimate, the department shall review the estimate to determine its ad-
17 equacy to provide the resources needed to achieve compliance with ORS 308.232 and 308.234, ORS
18 chapter 309 and other laws requiring equality and uniformity in the system of property taxation
19 within the county in order that the same equality and uniformity may be achieved throughout the
20 state.

21 (4) If, upon initial review of the estimate, the department determines that the proposed expen-
22 ditures, or any of them, are not at the level or of the type needed to achieve adequacy, the depart-
23 ment shall notify the county governing body. The notice shall contain an explanation of the reasons
24 for the determination and may describe specific items or classifications of expenditure which the
25 department has determined are required, or are not required, in order to achieve adequacy. The
26 notice shall fix the date upon which a conference with the county governing body or representatives
27 of the county governing body shall be held.

28 (5)(a) Subject to paragraph (b) of this subsection, if, upon initial review, or upon or after con-
29 ference held on the date specified in the notice under subsection (4) of this section, or another date
30 or dates convenient to the department and the county governing body, the department determines
31 that the expenditures as initially filed, or that the expenditures as agreed upon at the conference,
32 are at the level and of the type needed to achieve adequacy for that year or over a period of years
33 under a plan presented as described under ORS 294.181, the department shall certify to the county
34 governing body that its estimate of expenditures for assessment and taxation so determined are ad-
35 equate and that the county will be included in the computation made under ORS 294.178 for the
36 purpose of determining the amount of that county's quarterly grant. The department shall include
37 in the certification an estimate of the percentage share of the funds available in the County As-
38 sessment Function Funding Assistance Account that the county will receive under ORS 294.178 and
39 an estimate of the total amount of the grant that will be forthcoming to the county from that ac-
40 count for the ensuing year on account of the certification.

41 (b) The department shall not certify expenditures under this subsection that the department de-
42 termines are in excess of the expenditures necessary to meet the requirements of subsection (3) of
43 this section.

44 (6) Any certification issued under subsection (5) of this section shall be issued as of the June
45 15 following the filing of the estimate of expenditures under subsection (2) of this section. If, as of

1 June 15, agreement has not been reached between the department and the county governing body
 2 upon the estimate, the department shall issue a denial of certification.

3 (7) A county may appeal the determination of the department under subsection (5)(b) of this
 4 section or the denial of certification issued under subsection (6) of this section to the Director of
 5 the Oregon Department of Administrative Services. Appeal shall be filed within 10 days after the
 6 date that the denial of certification is issued. The sole issue upon appeal shall be the adequacy of
 7 expenditures for assessment and taxation as filed with the department under subsection (2) of this
 8 section, and the determination, if any, made by the department under subsection (5)(b) of this sec-
 9 tion. If the Oregon Department of Administrative Services does not issue an order approving the
 10 expenditures before July 1 of the fiscal year for which the expenditures are proposed, the certifica-
 11 tion for purposes of ORS 294.175 to 294.187 shall be considered denied.

12 **SECTION 8.** ORS 478.410 is amended to read:

13 478.410. (1) To provide funds for defraying expenses for the establishment, equipment and main-
 14 tenance of the district, the district board may provide for a tax on the assessed value of all taxable
 15 property within the district.

16 (2) To carry into effect any of the powers granted to the district, the district, when authorized
 17 by a majority of the voters voting at an election called for that purpose, may borrow money and sell
 18 and dispose of general obligation bonds. The total outstanding general obligation bonds, together
 19 with liabilities outstanding incurred under rental or lease-purchase agreements authorized by sub-
 20 section (3) of this section, may not exceed one and one-fourth percent (0.0125) of the real market
 21 value of all taxable property within the district, computed in accordance with ORS 308.207.

22 (3) The district board may enter into rental or lease-purchase agreements to rent, lease or ac-
 23 quire real or personal property, or both, required for fire-protection purposes. Except for agree-
 24 ments to rent, lease or acquire real property, an agreement may not run for more than 10 years or
 25 be subject to renewal. The aggregate principal obligations under the agreements, and under other
 26 like agreements, with outstanding bonded indebtedness, may not exceed the limitation imposed by
 27 subsection (2) of this section. ORS 294.305 to [294.520] **294.565** do not affect or restrict the right of
 28 any district to enter into an agreement described in this subsection.

29 (4) Unless expressly prohibited by the documents creating the district, a district board may
 30 adopt an ordinance as provided under ORS 198.510 to 198.600 to create a fee for any service pro-
 31 vided by the district. A fee created under authority of this section may not exceed the cost to the
 32 district of providing the service. The fee authority granted to a board by this subsection is in addi-
 33 tion to any authority granted to a board under local law or by the documents creating the district.
 34 Notwithstanding ORS 198.600, the failure to pay a fee created under authority of this section is not
 35 a violation punishable under ORS 198.600.

36 **SECTION 9.** ORS 553.720 is amended to read:

37 553.720. The ad valorem tax provided for in ORS 553.710 shall be levied and collected in the
 38 manner otherwise provided by law for the levy and collection of [*real*] property taxes. The board
 39 shall prepare a budget in the form, manner and time prescribed in ORS 294.305 to [294.520, 294.458
 40 and] 294.565 (the Local Budget Law), for each subdistrict for which taxes are to be levied and as-
 41 sessed, and in accordance therewith shall fix the amount of money to be raised by taxation for each
 42 subdistrict. Thereafter the levy shall be equalized and the tax collected and turned over to the dis-
 43 trict as otherwise provided by law for public corporations.

44 **SECTION 10.** ORS 568.806 is amended to read:

45 568.806. (1) When authorized to become a taxing district by the eligible electors of the district

1 as provided in ORS 568.807, a district may assess, levy and collect an ad valorem tax each year on
 2 [the real market value of] all taxable property within the limits of the district. The proceeds of the
 3 tax shall be applied in carrying out the purposes of ORS 568.210 to 568.808 and 568.900 to 568.933.

4 (2) In any year in which the ad valorem tax provided for in subsection (1) of this section is
 5 levied, the directors of the district shall prepare a budget in the form, manner and time prescribed
 6 in ORS 294.305 to [294.520] **294.565** (the Local Budget Law), and in accordance therewith shall fix
 7 the amount of money to be raised by taxation for the district.

8 (3) Any taxes levied in any year shall be returned to the county officer, whose duty it is to ex-
 9 tend the tax roll in the manner provided in ORS 310.060.

10 (4) All taxes levied by a district shall become payable at the same time and be collected by the
 11 same officer who collects county taxes, and shall be turned over to the district according to law.
 12 The county officer whose duty it is to extend the county levy shall extend the levy of the district
 13 in the same manner as city taxes are extended.

14 (5) Property shall be subject to sale for nonpayment of taxes levied by a district in like manner
 15 and with like effect as in the case of county and state taxes.

16 **SECTION 11.** ORS 294.476 is amended to read:

17 294.476. (1) **This subsection applies to the period** following [the] **a municipal corporation's**
 18 adoption **under ORS 294.456** of a budget [under ORS 294.456] that does not include revenue from
 19 a proposed local option tax[.]. If [a] **the** municipal corporation places a local option tax measure on
 20 the ballot for an election held in September and the electors of the municipal corporation approve
 21 the measure, in order to impose the local option tax during the current fiscal year or current budget
 22 period, the governing body of the municipal corporation must:

23 (a) Adopt an ordinance or resolution to determine, make and declare the local option tax and
 24 to categorize the local option tax amount or rate as provided in ORS 310.060;

25 (b) Receive from the assessor of the county in which the municipal corporation is located (or,
 26 if the municipal corporation is located in more than one county, from the assessor of each county
 27 in which the municipal corporation is located) written approval to file a supplemental notice of
 28 property tax as described in ORS 310.060 (9); and

29 (c) File with the assessor of the county in which the municipal corporation is located (or, if the
 30 municipal corporation is located in more than one county, with the assessor of each county in which
 31 the municipal corporation is located) two copies of the ordinance or resolution described in para-
 32 graph (a) of this subsection, two copies of the supplemental notice of property tax required under
 33 ORS 310.060 and two copies of the approved local option tax measure.

34 (2) **This subsection applies to the period** following [the] **a municipal corporation's** adoption
 35 **under ORS 294.456** of a budget [under ORS 294.456] that does not include revenue from a proposed
 36 local option tax or taxes to pay principal and interest on exempt bonded indebtedness[.]. If [a] **the**
 37 municipal corporation places a local option tax measure or a general obligation bond measure on
 38 the ballot for an election, other than an election held in September, next following adoption of the
 39 budget and the electors of the municipal corporation approve the measure, in order to impose the
 40 tax during the second fiscal year of a biennial budget period, the governing body of the municipal
 41 corporation must:

42 (a) Adopt an ordinance or resolution to determine, make and declare the tax and to categorize
 43 the tax amount or rate as provided in ORS 310.060; and

44 (b) Include with the certification required under ORS 310.060 for the second fiscal year of the
 45 biennial budget period[,] two copies of the ordinance or resolution described in paragraph (a) of this

1 subsection and two copies of the approved local option tax measure or general obligation bond
2 measure.

3 (3) Funds raised by a local option tax described in this section may not be expended by the
4 municipal corporation unless the municipal corporation has adopted a supplemental budget in ac-
5 cordance with ORS 294.471. Funds may be expended only in accordance with the supplemental
6 budget so adopted.

7 (4) As soon as received, the county assessor shall forward one copy of each of the documents
8 described in subsection (1)(c) of this section to the Department of Revenue.

9 **SECTION 12. This 2017 Act takes effect on the 91st day after the date on which the 2017**
10 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**

11
