

A-Engrossed
House Bill 2745

Ordered by the House March 27
Including House Amendments dated March 27

Sponsored by Representative HUFFMAN

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.

Authorizes certain intergovernmental entities created to operate, maintain, repair and modernize **nonrail** transportation facilities to impose property taxes in support of those purposes, or issue general obligation bonds supported by property tax revenues, if entity obtains approval of governing bodies of affected cities and counties in entity territory. Grants intergovernmental entity status as transportation district for purposes of transportation district and special district laws, with exceptions. Permits intergovernmental entity to divide territory of entity into zones in which different tax rates are to be imposed, if different tax rates are based upon qualitative differences in services provided by entity.

Requires intergovernmental entity to obtain voter approval of measures authorizing bond issuance, imposing taxes or establishing tax zones within entity territory.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to intergovernmental entity funding of transit operations; creating new provisions; amend-
3 ing ORS 190.083; and prescribing an effective date.

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

5 **SECTION 1.** ORS 190.083 is amended to read:

6 190.083. (1) Before a county enters into an intergovernmental agreement creating an intergov-
7 ernmental entity to operate, maintain, repair and modernize transportation facilities, the county
8 shall obtain approval of the terms and conditions of the agreement from the governing bodies of a
9 majority of the cities within the county.

10 (2) Subject to the provisions of this section, an intergovernmental entity created to operate,
11 maintain, repair and modernize transportation facilities may issue general obligation bonds and as-
12 sess, levy and collect taxes in support of the purposes of the entity.

13 (3)(a) To carry out the purposes of an intergovernmental agreement under this section, and when
14 authorized at an election described in paragraph (b) of this subsection, an intergovernmental entity
15 created to operate, maintain, repair and modernize transportation facilities may borrow moneys and
16 sell and dispose of general obligation bonds. Approval requires an affirmative vote of a majority of
17 the electors within the intergovernmental entity voting in the election.

18 (b) If the bonds are not subject to the limitations under [*section 11 or 11b,*] Article XI, **section**
19 **11 or 11b**, of the Oregon Constitution:

20 (A) The proposition submitted to the electors shall provide that the intergovernmental entity
21 shall assess, levy and collect taxes each year on the assessed value of all taxable property within
22 the intergovernmental entity for the purposes of paying the principal and interest on the general
23 obligation bonds;

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 (B) The election must comply with the voter participation requirements of [section 11 (8),] Arti-
2 cle XI, **section 11 (8)**, of the Oregon Constitution; and

3 (C) Outstanding bonds may never exceed in the aggregate two percent of the real market value
4 of all taxable property within the entity.

5 (4) The governing body of an intergovernmental entity created to operate, maintain, repair and
6 modernize transportation facilities shall issue the bonds from time to time as authorized by the
7 electors of the entity. The governing body shall issue the bonds according to the applicable pro-
8 visions of ORS chapter 287A.

9 (5) The electors of an intergovernmental entity created to operate, maintain, repair and mod-
10 ernize transportation facilities may establish a permanent rate limit for ad valorem property taxes
11 for the entity pursuant to [section 11 (3)(c),] Article XI, **section 11 (3)(c)**, of the Oregon Constitution.

12 (6) An intergovernmental entity created to operate, maintain, repair and modernize transporta-
13 tion facilities may exercise the powers necessary to carry out the purposes of the intergovernmental
14 agreement, including but not limited to the authority to enter into agreements and to expend tax
15 proceeds and other revenues the entity receives.

16 (7) An intergovernmental entity created to operate, maintain, repair and modernize transporta-
17 tion facilities is not a district as defined in ORS 198.010 and is not subject to the provisions of ORS
18 chapter 451.

19 (8) An intergovernmental entity described in this section is subject to ORS 294.305 to 294.565
20 for each fiscal year or budget period in which the entity proposes to impose or imposes ad valorem
21 property taxes.

22 **(9) An intergovernmental entity that qualifies as a designated recipient of funding for**
23 **transit operations from the Federal Transit Administration may utilize the procedures es-**
24 **tablished under section 2 of this 2017 Act in addition to this section.**

25 **SECTION 2. (1) Subject to the provisions of this section, an intergovernmental entity**
26 **created to operate, maintain, repair and modernize transportation facilities and that qualifies**
27 **as a designated recipient of funding for transit operations from the Federal Transit Admin-**
28 **istration may issue general obligation bonds and assess, levy and collect ad valorem property**
29 **taxes, including operating taxes and local option taxes, in support of the purposes of the**
30 **entity. Taxes authorized as prescribed in this section may be imposed throughout the terri-**
31 **tory of the units of local government that make up the entity, or only in tax zones within**
32 **the territory that are established as prescribed in this section.**

33 **(2) In order to utilize the powers and authorities granted under this section, the inter-**
34 **governmental agreement entered into under ORS 190.010 that created the intergovernmental**
35 **entity, or as amended, must provide for a board of directors of the entity and the method**
36 **of selecting board members. The board of directors shall serve as the entity's governing**
37 **body.**

38 **(3) An intergovernmental entity described in subsection (1) of this section may provide**
39 **public transportation and terminal facilities for public transportation, except that the public**
40 **transportation and facilities for public transportation must be limited to nonrail transporta-**
41 **tion and transportation facilities.**

42 **(4) An intergovernmental entity described in subsection (1) of this section may undertake**
43 **any of the following actions only by using the procedures and obtaining the approvals de-**
44 **scribed in subsection (5) of this section:**

45 **(a) Issue general obligation bonds not subject to limitation under Article XI, section 11**

1 or 11b, of the Oregon Constitution;

2 (b) Establish a permanent rate limit for operating taxes within the meaning of Article
3 XI, section 11 (3), of the Oregon Constitution;

4 (c) Impose local option taxes under ORS 280.040 to 280.145; or

5 (d) Divide the territory of the entity into zones for the purpose of imposing and levying
6 ad valorem property taxes at different rates in each zone based upon qualitative differences
7 in services provided by the entity in each zone.

8 (5) In order to undertake any of the actions described in subsection (4) of this section,
9 the following steps must be completed in the following order:

10 (a) The board of directors of the intergovernmental entity, after consultation with the
11 governing bodies of all affected cities and counties, must approve a preliminary resolution
12 that sets forth with particularity the financial or geographic specifics of the measure sought
13 to be approved, including but not limited to:

14 (A) The amount of bonds to be issued, purposes for which bond proceeds may be spent
15 and the estimated amount of ad valorem property taxes pledged per \$1,000 of assessed value
16 for repayment of the bonds;

17 (B) The permanent rate limit for operating taxes being proposed;

18 (C) The amount, rate and duration of any local option taxes being proposed;

19 (D) The boundaries of any proposed zones in which different tax rates are to be imposed
20 and the qualitative differences in the level of services provided that justifies the zones; and

21 (E) Any other information otherwise required by law or that the board determines to
22 include in the preliminary resolution.

23 (b) The governing body of each city and county wholly or partially within the territory
24 of the entity must, within one year, approve or reject the preliminary resolution by order
25 or resolution of the city or county governing body, except that:

26 (A) In the case of a preliminary resolution that establishes proposed tax zones, a city or
27 county that lacks territory within those zones need not act on the preliminary resolution and
28 approval by their governing bodies may not be sought; and

29 (B) The approval of the governing body of a county need not be obtained and may not
30 be sought if the only territory of the county within the proposed zone is also only within the
31 boundaries of cities that have granted approval under this subsection.

32 (c) If the governing body of every city and county required to consider the question under
33 paragraph (b) of this subsection approves the preliminary resolution, the board of directors
34 of the entity, within 120 days of the last required governing body approval under paragraph
35 (b) of this subsection, shall consider a final resolution that refers to voters one or more
36 ballot measures that reflect the contents of the resolutions approved under paragraphs (a)
37 and (b) of this subsection.

38 (d) Each ballot measure referred to voters as described in paragraph (c) of this sub-
39 section must be approved by voters in the same manner provided by law for approval of
40 general obligation bonds, a permanent rate limit for operating taxes, or local option taxes,
41 except that if the final resolution includes dividing the territory of the entity into zones, the
42 ballot measure must be approved by a majority of voters in each zone in which taxes are to
43 be imposed.

44 (6) If the voters approve a ballot measure in accordance with subsection (5)(d) of this
45 section:

1 (a) Any tax revenues collected thereafter may be expended only for the purposes specified
2 in the measure; and

3 (b) In the case of a measure establishing tax zones within the territory of the intergov-
4 ernmental entity, the tax revenues collected from each zone must be expended within the
5 geographic area of the respective zone.

6 (7) Following the approval of a ballot measure described in subsection (5)(d) of this sec-
7 tion that authorizes ad valorem taxes of the intergovernmental entity to be imposed within
8 the territory of one or more cities or counties, if the boundaries of an affected city or county
9 change, the area in which taxes are to be imposed shall also be adjusted to reflect the
10 boundary change. Any boundary change shall comply with the procedures set forth in ORS
11 308.225.

12 (8) If the territory of an intergovernmental entity is divided into zones under this sec-
13 tion, the board shall determine, make and declare the ad valorem property tax levy for each
14 zone when the board adopts its budget for any fiscal year. The determination of the amount
15 of ad valorem property taxes to be levied in each zone shall be in accordance with the pro-
16 posal approved by the voters under this section and shall be entered in the proper records
17 of the intergovernmental entity.

18 SECTION 3. (1) The board of directors of an intergovernmental entity that was in exist-
19 ence on the day before the effective date of this 2017 Act and that otherwise meets the re-
20 quirements of section 2 (1) of this 2017 Act shall be deemed to satisfy the requirements of
21 section 2 (2) of this 2017 Act.

22 (2) This section is repealed on January 2, 2029.

23 SECTION 4. This 2017 Act takes effect on the 91st day after the date on which the 2017
24 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.
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