

HB 2174 B STAFF MEASURE SUMMARY**Carrier:** Rep. Marsh**House Committee On Revenue****Action Date:** 06/05/19**Action:** Do pass with amendments to the A-Eng bill. (Printed B-Eng.)**Vote:** 6-0-0-1**Yeas:** 6 - Findley, Marsh, Nathanson, Reschke, Smith G, Smith Warner**Abs:** 1 - Hernandez**Fiscal:** Has minimal fiscal impact**Revenue:** Revenue impact issued**Prepared By:** Jaime McGovern, Economist**Meeting Dates:** 5/22, 6/5**WHAT THE MEASURE DOES:**

Requires delivery of urban renewal plan and accompanying report to the governing body of each taxing district affected by an urban renewal plan, and allows governing body of taxing district 45 days following receipt to submit written recommendations to urban renewal agency prior to agency presenting plan for approval. Requires concurrence by three of the four taxing districts estimated to forgo the most property tax revenue when a specified public building project is proposed in an urban renewal plan, added to an existing plan, or amended to significantly increase the scope of work to be paid for by the division of taxes for urban renewal. Requires notice of hearing on a new proposed urban renewal plan or plan amendments to contain a statement that adoption may affect property tax rates for standard rate urban renewal plans or reduced rate plans whose consolidated billing tax rate includes tax pledged to repay exempt bonded indebtedness approved on or before October 6, 2001. Excludes tax pledged to repay exempt bonded indebtedness approved on or after the effective date of measure from consolidated billing tax rate on urban renewal plans adopted or amended after measure effective date. Limits the addition of area to the urban renewal plan by amendment to 20 percent of the total land area of original plan calculated without considering any subsequent reductions of area. Requires urban renewal agency's annual statement to include the maximum indebtedness for each urban renewal area in an agency plan, including amount of indebtedness incurred through the end of the preceding fiscal year. Requires annual financial statement be distributed to each taxing district affected by urban renewal plan of agency and for agency representative to be available to consult with affected taxing districts. Specifies a consolidated billing tax rate of a permanent rate plan. Modernizes consolidated billing tax language to build off of permanent rates approved after Jan 1, 2013. Removes legacy language to conform with administrative rules, current terms and practice. Takes effect 91st day following adjournment sine die.

ISSUES DISCUSSED:

- History of the development of this bill.
- The issue that Urban Renewal Districts often don't end.
- Public buildings that are built under Urban Renewal Plans and don't generate any tax revenue.
- Impact on existing taxing districts and transparency created by this bill.
- Urban renewal property does not return to the Roll until all the debt has been retired.

EFFECT OF AMENDMENT:

Specifies a consolidated billing tax rate of a permanent rate plan. Modernizes consolidated billing tax language to build off of permanent rates approved after Jan 1, 2013. Removes legacy language to conform with

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BACKGROUND:

Oregon law gives each city and county the ability to activate an urban renewal agency with the power to propose and act on plans and projects to remove "blight." Examples of blight include buildings that are unsafe or unfit for occupancy or the existence of inadequate streets, rights of way, and utilities. The area where the work is to be done is known as the plan area, and the urban renewal agency proposes a plan for improving the area. Following public notice and hearing, and after considering public testimony and planning commission recommendations, the city or county may approve the urban renewal plan by ordinance.

Most urban renewal plans are funded through a tax increment financing mechanism. When the urban renewal plan is created, the assessed value of property within its boundaries is locked in time, or frozen, at the amount calculated from the last certified tax roll prior to the plan's approval. The agency then raises revenue in subsequent years from any value growth above the frozen amount; this value growth is referred to as the increment. The tax rate used to calculate taxes imposed for the urban renewal plan is the consolidated tax rate for the taxing districts within the geographical boundaries of the plan. The sharing of tax between taxing districts that each have a portion of the tax imposed on the frozen base value, and urban renewal agencies that have the tax imposed on the excess value, is also referred to as urban renewal division of tax.

According to Oregon Property Tax Statistics, Fiscal Year 2017-18, by the Oregon Department of Revenue, there were 116 urban renewal plan areas that raised revenue from the division of tax in 2017-18.

House Bill 2174-A changes the requirements for notification, review, and input by each taxing district affected by an urban renewal plan prior to approval; requires concurrence for public building projects by three of the four taxing districts estimated to forgo the most property tax revenue when a plan, amendment, or certain scopes of work occur after the measure effective date; and makes other modifications to the urban renewal statutes.