

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
80th Oregon Legislative Assembly
2019 Regular Session
Legislative Revenue Office

Bill Number:	SB 431-B
Revenue Area:	Property Tax
Economist:	Jaime McGovern
Date:	06/17/2019
	REVISED

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Creates urban flood safety and water quality district in portion of Multnomah County within urban growth boundary adopted by Metro, for purposes of acquiring, purchasing, constructing, improving, operating and maintaining infrastructure in order to provide for flood safety and contribute to water quality, floodplain restoration and habitat and landscape resilience.

Revenue Impact:

There is no direct revenue impact, as this measure allows the formation of a new taxing district and the dissolution of current taxing districts by vote. There is potential impact, contingent on successful implementation (described below).

The bill proposes a multi stage process, all subject to voter approval, to replace four current districts, each with taxing authority, by one district with a unified governance structure and taxing authority. Should the voters approve, Levee Ready proposes to create an interim board and hold an election to form what would become the permanent taxing district and board. Once that is secure, the existing districts will be dissolved and the new district with its permanent board will proceed to fund and operate the levee system and drainage district.

The new district plans to issue a general obligation bond to fund infrastructure costs and a utility fee to cover operations and maintenance. Levee Ready Columbia estimates that the general obligation bond would be financed over 20 years. Similarly, Levee Ready Columbia proposes that operations and maintenance, estimated in the initial decade to be approximately \$7.5 million annually, would be collected as utility fees.

The four existing levee districts currently impose approximately \$6.3 million in taxes annually. Should the ballot measure pass and the current levee districts dissolve, two things would happen to this revenue. The portion that overlaps with other taxing districts in compression will still be released to, and collected by those other overlapping taxing districts, approximately \$740 thousand annually. The remainder, approximately \$5.6 million annually, would be uncollected, or lost, directly due to the dissolution of the current levee districts and their loss of taxing authority. Subsequently, upon formation of the new taxing district, the new district would impose and collect property taxes under a bond. While the final amount would depend on actual costs and bonding, estimates from Levee Ready Columbia, assuming a midpoint of costs and standard economic assumptions, imply the new levee district would collect approximately \$12 million per year, for a period of 20 years to pay for structural upgrades and improvements relating to levee integrity, restructuring and federal certification.

Creates, Extends, or Expands Tax Expenditure: Yes No

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