

**A-Engrossed**  
**House Bill 2028**

Ordered by the House March 19  
Including House Amendments dated March 19

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

**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.

Eases process for city to elect to receive state-shared revenues.  
*[Eliminates withholding of 10 percent of state-shared revenues from municipal corporation that has not filed annual audit report.]*

**A BILL FOR AN ACT**

1  
2 Relating to municipal corporation finances; amending ORS 221.770.

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

4 **SECTION 1.** ORS 221.770 is amended to read:

5 221.770. (1) A share of certain revenues of this state shall be apportioned among and distributed  
6 to the cities of this state for general purposes as provided in this section. *[A city shall not be in-*  
7 *cluded in apportionments or receive distributions under this section for a fiscal year commencing on*  
8 *July 1 unless]* **The officer responsible for distributing funds to cities under this section shall**  
9 **distribute the funds for a fiscal year beginning on July 1 only if the officer is reasonably**  
10 **satisfied that** the city:

11 (a) Elects to receive distributions under this section for the fiscal year *[by enactment of an or-*  
12 *dinance or resolution expressing that election and filing a copy of that ordinance or resolution with the*  
13 *Oregon Department of Administrative Services not later than July 31 of the fiscal year];*

14 (b) Holds at least one public hearing, after adequate public notice, at which citizens have the  
15 opportunity to provide written and oral comment to the authority responsible for approving the  
16 proposed budget of the city for the fiscal year on the possible uses of the distributions, including  
17 offset against property tax levies by the city for the fiscal year, and certifies its compliance with  
18 this paragraph to the Oregon Department of Administrative Services not later than July 31 of the  
19 fiscal year;

20 (c) Holds at least one public hearing, after adequate public notice, at which citizens have the  
21 opportunity to provide written and oral comment to, and ask questions of, the authority responsible  
22 for adopting the budget of the city for the fiscal year on the proposed use of the distributions in  
23 relation to the entire budget of the city for the fiscal year, including possible offset of the distrib-  
24 utions against property tax levies by the city for the fiscal year, and certifies its compliance with  
25 this paragraph to the Oregon Department of Administrative Services not later than July 31 of the  
26 fiscal year; and

27 (d) Levied a property tax for the year preceding the year in which revenue sharing is due under

**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 ORS 471.810 and this section.

2 (2) Not later than 35 days after the last day of each calendar quarter ending March 31, June  
3 30, September 30 and December 31, the Oregon Liquor Control Commission shall determine the  
4 amount of the net revenue under ORS 471.805, received during the preceding calendar quarter and  
5 shall certify that amount to the Oregon Department of Administrative Services.

6 (3) In addition to amounts otherwise apportioned to cities under ORS 471.810, not later than 20  
7 days after the date the Oregon Department of Administrative Services receives a certification under  
8 subsection (2) of this section, the department shall apportion among the cities of this state in the  
9 manner provided in subsection (4) of this section an amount equal to 14 percent of the amount so  
10 certified, and shall pay to each city the amount so apportioned to the city. Payments shall be made  
11 from the Oregon Liquor Control Commission Account.

12 (4)(a) The amount apportioned to each city under subsection (3) of this section shall be a per-  
13 centage of the total amount to be apportioned among the cities, determined by dividing the adjusted  
14 population of the city by the sum of the adjusted populations of all cities. The adjusted population  
15 of a city shall be determined by multiplying the [city's] population **of the city** by the sum of:

16 [(a)] (A) The city's [local] consolidated property taxes per capita divided by the average con-  
17 solidated property taxes per capita for all cities in the state; and

18 [(b)] (B) [*The amount of state income per capita divided by the amount of city income per capita.*]  
19 **The estimated average annual amount of money income of residents of this state divided by**  
20 **the estimated average annual amount of money income of residents of the city.**

21 [(5)] (b) **Notwithstanding paragraph (a) of this subsection**, the amount apportioned to each  
22 city [*shall be further limited to an amount no greater than*] **may not exceed** the amount of all prop-  
23 erty taxes levied by the city during the year previous to the year in which distributions are made.

24 [(6)] (5) For purposes of the formula set forth in subsection (4) of this section[, "*city*  
25 *population*" is the population of a city as last determined under ORS 190.510 to 190.590.]:

26 (a)(A) **"Consolidated property taxes" means the total of all compulsory contributions in**  
27 **the form of ad valorem taxes on property located within a city levied during a one-year pe-**  
28 **riod by the city, a county, any school district and any special governmental district for public**  
29 **purposes and in amounts as compiled by the Department of Revenue on the basis of appli-**  
30 **cation of consolidated tax rates to assessor code area valuations.**

31 [(7)(a) For purposes of the formula set forth in subsection (4) of this section, "*Local consolidated*  
32 *property taxes*" has the meaning given in subsection (8) of this section, for a city divided by the popu-  
33 *lation of the city as last determined under ORS 190.510 to 190.590.*]

34 [(b) The Oregon Department of Administrative Services shall determine the amounts of property  
35 taxes for each city during the fiscal year closing on June 30 preceding the fiscal year commencing on  
36 July 1 for which calendar quarter apportionments are made, and that determination shall be used for  
37 each calendar quarter apportionment for that fiscal year commencing on July 1.]

38 (B) **"Population of a city" means the population of a city as last determined under ORS**  
39 **190.510 to 190.590.**

40 (b) **The Oregon Department of Administrative Services shall determine the amounts of**  
41 **property taxes for each city during the fiscal year closing on June 30 preceding the fiscal**  
42 **year commencing on July 1 for which calendar quarter apportionments are made, and that**  
43 **determination shall be used for each calendar quarter apportionment for that fiscal year**  
44 **commencing on July 1.**

45 [(8) For purposes of subsection (7) of this section "*consolidated property taxes*" are the total of all

1 *compulsory contributions in the form of ad valorem taxes on property located within a city levied*  
2 *during a one-year period by the city, a county, any school district and any special governmental district*  
3 *for public purposes and in amounts as compiled by the Department of Revenue on the basis of appli-*  
4 *cation of consolidated tax rates to assessor code area valuations.]*

5 [(9) *For purposes of the formula set forth in subsection (4) of this section, “income per capita” is*  
6 *the estimated average annual money income of residents of this state and of residents of each city of*  
7 *this state, respectively, based upon the latest information available from the most recent federal*  
8 *decennial census.*]

9 [(10)] **(6)** A city receiving a distribution under this section may return all or any *[part]* **amount**  
10 of the distribution to the Oregon Department of Administrative Services, which shall deposit the  
11 returned **amount of the** distribution *[or part thereof]* in the General Fund to be available for pay-  
12 ment of the general expenses of the state.

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