

DRAFT

SUMMARY

Digest: The Act would let the urban flood safety and water quality district impose an annual charge on lands that are benefited by district works. The Act would let the district impose a fee on cities and counties for district costs not covered by the annual charge. The Act would change how the district winds up other water-related districts. (Flesch Readability Score: 63.2).

Authorizes the urban flood safety and water quality district to annually assess benefited lands within the managed floodplain for the total amount of revenues required to pay the costs for the succeeding year of district works that directly benefit the lands. Authorizes the district to impose a fee on cities and counties for the overall fixed costs of operating the district and district works. Amends provisions relating to the governance and the dissolution of existing drainage districts and corporations for the use and control of water lying within the boundaries of the urban flood safety and water quality district.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to the urban flood safety and water quality district; creating new
3 provisions; amending ORS 550.190, 550.230, 550.300 and 550.360; and pre-
4 scribing an effective date.

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

6 **SECTION 1. Sections 2 and 3 of this 2024 Act are added to and made**
7 **a part of ORS 550.150 to 550.410.**

8 **SECTION 2. (1)(a) The board of directors of the urban flood safety**
9 **and water quality district may impose an annual charge to pay the**
10 **costs of operating and maintaining district works that directly benefit**
11 **lands situated within the managed floodplain of the district.**

12 **(b) If the board of directors elects to impose the charge, it shall**

1 **determine the total amount of revenues required to pay the costs de-**
2 **scribed in paragraph (a) of this subsection, including the estimated**
3 **delinquencies on payment of the charge, for the succeeding year.**

4 **(c) The total amount determined under paragraph (b) of this sub-**
5 **section shall be an assessment upon all the benefited lands and shall**
6 **be apportioned by the board of directors in accordance with the**
7 **method adopted under subsection (2) of this section.**

8 **(d) For purposes of this section, benefited lands subject to assess-**
9 **ment include:**

10 **(A) Any portion of a parcel of lands that is so benefited; and**

11 **(B) Lands owned by a public body.**

12 **(e) Any parcel of benefited lands owned by any person that totals**
13 **less than one acre shall be assessed as one acre.**

14 **(2) The board of directors may adopt by ordinance:**

15 **(a) A method for apportioning the assessments imposed under sub-**
16 **section (1) of this section; or**

17 **(b) A method of apportionment that is based on the method for**
18 **apportioning assessments adopted by an existing drainage district**
19 **formed under ORS chapter 547 or incorporated under ORS chapter 554**
20 **that is operating within the managed floodplain as of the effective date**
21 **of this 2024 Act.**

22 **(3)(a) The board of directors shall:**

23 **(A) Prepare a list of the assessments imposed under subsection (1)**
24 **of this section and the apportionments made under subsection (2) of**
25 **this section, including a description of the ownership or holdings of**
26 **each person whose benefited lands are assessed; and**

27 **(B) Not later than July 15 of each year, file a written notice in the**
28 **manner provided in ORS 310.060 with the county assessor of each**
29 **county in which the benefited lands are situated certifying the as-**
30 **essments.**

31 **(b) The county assessor shall place the assessments against the**

1 benefited lands on the assessment and tax roll in the same manner as
2 other municipal taxes are placed on the roll.

3 (4)(a) Except as provided in subsection (5) of this section, the as-
4 sessments shall be collected and enforced in the same manner as other
5 taxes on property are collected and enforced.

6 (b) The tax collector shall account for the assessments separately
7 from taxes levied by the urban flood safety and water quality district
8 for other purposes.

9 (c) The county treasurer shall make returns and pay over all as-
10 sessment moneys to the district in the same manner as for other tax-
11 ing district taxes and charges.

12 (5)(a) In lieu of the methods of assessment and collection provided
13 in subsections (3) and (4) of this section, the board of directors may
14 provide by resolution for the direct assessment and collection of the
15 charges imposed under subsection (1) of this section against benefited
16 lands that are owned by a public body or other person whose property
17 is exempt from ad valorem property taxation.

18 (b) The urban flood safety and water quality district shall cooperate
19 with the county assessor to identify annually those benefited lands for
20 which direct billing of the assessments is the most efficient and ef-
21 fective method of collection.

22 SECTION 3. (1)(a) The board of directors of the urban flood safety
23 and water quality district may adopt an ordinance imposing a flood
24 safety intergovernmental fee on incorporated cities and counties with
25 territory situated within the district boundaries.

26 (b) The purpose of this fee is to compensate the district for the
27 overall fixed costs of operating the district and operating and main-
28 taining district works that are not compensated for by the annual
29 charge imposed under section 2 of this 2024 Act.

30 (2)(a) The fee shall be imposed by the district based on the popu-
31 lation of the incorporated cities and counties.

1 **(b) For any year, the fee may be increased by an amount that does**
2 **not exceed the greater of:**

3 **(A) Three percentage points over the fee for the previous year; and**

4 **(B) The percentage change in the Consumer Price Index for All**
5 **Urban Consumers, West Region (All Items), as published by the Bu-**
6 **reau of Labor Statistics of the United States Department of Labor.**

7 **(3) Notwithstanding any provision of a charter or ordinance limiting**
8 **the imposition of taxes, fees or other charges by the governing body**
9 **of a city or county subject to the fee imposed under this section, the**
10 **city or county may impose a tax, fee or charge otherwise authorized**
11 **by law for the purpose of raising revenue to pay the fee imposed under**
12 **this section.**

13 **SECTION 4.** ORS 550.190 is amended to read:

14 550.190. (1) The initial district board of the urban flood safety and water
15 quality district shall consist of 17 directors appointed as follows:

16 (a) One director representing the City of Portland appointed by the
17 Portland city council.

18 (b) One director representing the City of Gresham appointed by the
19 Gresham city council.

20 (c) One director representing the City of Fairview appointed by the
21 Fairview city council.

22 (d) One director representing the City of Troutdale appointed by the
23 Troutdale city council.

24 (e) One director representing the City of Wood Village appointed by the
25 Wood Village city council.

26 (f) One director representing Metro appointed by the Metro Council.

27 (g) One director representing Multnomah County appointed by the
28 Multnomah County board of county commissioners.

29 (h) One director representing the Port of Portland appointed by the board
30 of commissioners of the Port of Portland.

31 (i) One director representing Multnomah County Drainage District No. 1

1 appointed by the district board of supervisors.

2 (j) One director representing Peninsula Drainage District No. 1 appointed
3 by the district board of supervisors.

4 (k) One director representing Peninsula Drainage District No. 2 ap-
5 pointed by the district board of supervisors.

6 (L) One director representing Sandy Drainage Improvement Company ap-
7 pointed by the company board of directors.

8 (m) One director who resides in a neighborhood within the boundaries of
9 Multnomah County Drainage District No. 1, Peninsula Drainage District No.
10 1, Peninsula Drainage District No. 2 or Sandy Drainage Improvement Com-
11 pany appointed by the Governor.

12 (n) One director who represents a private sector business located within
13 the boundaries of Multnomah County Drainage District No. 1, Peninsula
14 Drainage District No. 1, Peninsula Drainage District No. 2 or Sandy Drain-
15 age Improvement Company appointed by the Governor.

16 (o) Three directors who represent public interest nonprofit corporations
17 with expertise or interest related to the territory within the boundaries of
18 Multnomah County Drainage District No. 1, Peninsula Drainage District No.
19 1, Peninsula Drainage District No. 2 or Sandy Drainage Improvement Com-
20 pany appointed by the Governor, of which:

21 (A) One director must represent an environmental conservation organ-
22 ization; and

23 (B) One director must represent an environmental justice organization.

24 (2) The purpose of the initial district board is to organize the district and
25 to develop, and approve or seek approval from the electors of, methods of
26 funding the operations of the district. To accomplish this purpose, in addi-
27 tion to the duties and powers conferred on the initial district board under
28 ORS 550.150 to 550.410, the initial district board may exercise all the duties
29 and powers conferred on the board of directors under ORS 550.150 to
30 550.410[, *other than the power to dissolve a drainage district or corporation*
31 *under ORS 550.230 (12)*].

1 (3)(a) At the first meeting of the initial district board, the board shall
2 elect a member to serve as chair. The chair shall preside over board
3 meetings, appoint subcommittees subject to board approval and set the
4 meeting agenda subject to revisions by the board.

5 (b) A majority of the directors of the initial district board shall constitute
6 a quorum for the transaction of business.

7 (4) Any vacancy on the initial district board shall be filled by majority
8 vote of the remaining directors of the board. The replacement director must
9 qualify for the vacant position as provided in subsection (1) of this section.

10 (5)(a) The directors of the initial district board shall serve in place of the
11 board of directors until the initial district board adopts a resolution calling
12 for the appointment and election of the board of directors and a quorum of
13 the directors of the board of directors, as determined under ORS 550.200 (4),
14 takes office.

15 (b) The resolution of the initial district board shall call for the appoint-
16 ment and election of the board of directors to take place not [*less*] **more**
17 than six months after the date on which the district first begins to collect
18 revenues under one of the methods set forth in ORS 550.300.

19 (c) The initial district board shall file a copy of the resolution with the
20 county elections officer and the Governor.

21 (6) Notwithstanding ORS 255.325 and 255.335, the first elected directors
22 of the board of directors may be elected at a special election held in ac-
23 cordance with ORS 255.345.

24 **SECTION 5.** ORS 550.230 is amended to read:

25 550.230. To carry out the purposes for which it was created, the urban
26 flood safety and water quality district is a body corporate and has the power
27 to, without limitation:

28 (1) Have and use a seal.

29 (2) Have perpetual succession.

30 (3) Sue and be sued in its own name.

31 (4) Acquire by condemnation, purchase, devise, gift or voluntary grant

1 real and personal property, or any interest in such property, located inside
2 or outside the boundaries of the managed floodplain, as the board of direc-
3 tors deems necessary for the purposes of the district set forth in ORS 550.170,
4 and dispose of such real and personal property when the board of directors
5 deems the property unnecessary for the purposes of the district set forth in
6 ORS 550.170.

7 (5) Enter into intergovernmental agreements under ORS chapter 190 for
8 the construction, preservation, improvement, operation or maintenance of
9 any works or other services.

10 (6) Enter into contracts with the federal government, including, without
11 limitation, the United States Army Corps of Engineers and the Federal
12 Emergency Management Agency.

13 (7) Build, construct, purchase, improve, operate and maintain, subject to
14 all applicable provisions of law, all works that the board of directors con-
15 siders necessary or desirable.

16 (8) Enter into contracts and employ agents, engineers and attorneys.

17 (9) Enter into contracts or grant agreements with nonprofit corporations
18 or community groups.

19 (10) Acquire and maintain water and water rights, as the board of direc-
20 tors deems necessary for the purposes of the district set forth in ORS 550.170.

21 (11) Enforce the authority of the district and protect the district's works
22 against public nuisances, obstructions or discharges on public or private
23 property that the district deems to have a negative impact on the district's
24 works.

25 (12) [*Dissolve*] **Take all actions necessary or convenient to effect the**
26 **dissolution and merger of** any drainage district or corporation described
27 in ORS 550.360 that is located entirely within the boundaries of the district
28 and **accept and** assume the **duties, assets and liabilities** of the dissolved
29 district or corporation, including all lands and personal property, water
30 rights, **contracts**, obligations, debts and liabilities **as provided in ORS**
31 **550.360.**

1 (13) Do such other acts and things as may be necessary or proper for the
2 exercise of the powers granted to the district.

3 **SECTION 6.** ORS 550.300 is amended to read:

4 550.300. (1) The board of directors may finance the construction, operation
5 or maintenance of district works by the following means:

6 (a) Assessments made under ORS 550.310 against the benefited lands in
7 the district, with or without the issuance of works bonds.

8 (b) Service and user charges imposed under ORS 550.330, with or without
9 the issuance of revenue bonds.

10 (c) Issuance of general obligation bonds under ORS 550.340.

11 **(d) Assessments against benefited lands within the managed
12 floodplain made under section 2 of this 2024 Act.**

13 **(e) Imposition of the flood safety intergovernmental fee under sec-
14 tion 3 of this 2024 Act.**

15 *[(d)]* **(f)** Any other means authorized by law.

16 *[(e)]* **(g)** Any combination of the means described in this section.

17 (2) Notwithstanding subsection (1) of this section, the board of directors
18 may not levy local option taxes under ORS 280.040 to 280.145.

19 **SECTION 7.** ORS 550.360 is amended to read:

20 550.360. (1)(a) Notwithstanding any other provision of law, the urban flood
21 safety and water quality district may, by resolution of the board of directors,
22 dissolve any drainage district formed and operating under ORS chapter 547,
23 any drainage district organized and operating under ORS 548.005 to 548.120
24 or any corporation incorporated for any of the purposes listed in ORS
25 554.020, that is operating entirely within the boundaries of the urban flood
26 safety and water quality district.

27 **(b) The date of dissolution set forth in the resolution may not be
28 later than 180 days following the date on which the board of directors
29 adopts the dissolution resolution.**

30 **(c) The dissolved district or corporation shall be considered annexed
31 by and merged into the urban flood safety and water quality district.**

1 [(b)] **(2)(a)** Upon the dissolution, the dissolved district or corporation
2 shall transfer, and the urban flood safety and water quality district shall
3 assume, the duties, **contracts**, assets and liabilities of the dissolved district
4 or corporation and continue to furnish the services formerly provided by the
5 district or corporation to the residents of, and owners of property in, the
6 dissolved district or corporation.

7 **(b)** Such assets include, without limitation, all interests in real property
8 and tangible and intangible personal property, including water rights, un-
9 collected taxes, assessments or other charges levied by the dissolved district
10 or corporation.

11 **(c) Such liabilities include, without limitation, the obligation to**
12 **defend, save harmless and indemnify the officers, agents and employ-**
13 **ees of the dissolved district or corporation against any tort claim or**
14 **demand, whether groundless or otherwise, arising out of an alleged**
15 **act or omission occurring in the performance of duty as provided in**
16 **ORS 30.260 to 30.300.**

17 [(c) *The dissolved district or corporation shall be considered annexed by*
18 *and merged into the urban flood safety and water quality district.*]

19 [(2)] **(3)** A dissolution under this section may be initiated only by resolu-
20 tion of the board of directors. The board of directors may not consider a
21 dissolution resolution unless and until the urban flood safety and water
22 quality district has **provided for** sufficient funding from one or more of the
23 means set forth in ORS 550.300 to enable the urban flood safety and water
24 quality district to assume and manage the duties, assets and liabilities of the
25 dissolved district or corporation **as of the date of dissolution.**

26 [(3) *A dissolution under this section becomes effective no later than one year*
27 *after the date on which the board of directors adopts the dissolution resolution,*
28 *unless the district or corporation to be dissolved agrees to an earlier dissol-*
29 *ution date.*]

30 (4)(a) As soon as practicable after the date on which the board of direc-
31 tors adopts a dissolution resolution under this section, the board of directors

1 and the governing bodies of the districts or corporations to be dissolved, or
2 the designated representatives of the governing bodies, shall meet to negoti-
3 ate a debt distribution plan. A debt distribution plan may provide for any
4 distribution of indebtedness between the urban flood safety and water quality
5 district and the district or corporation to be dissolved.

6 (b) If the board of directors and the governing bodies do not agree on a
7 debt distribution plan **on or before the date of dissolution set forth in**
8 **the resolution adopted under subsection (1) of this section**, or if the
9 territory of the district or corporation to be dissolved remains liable under
10 the plan for any portion of the indebtedness outstanding at the time of the
11 dissolution and transfer, the board of directors shall serve as the ex officio
12 board of the dissolved district or corporation for the purpose of imposing and
13 collecting charges or taxes in the territory until all indebtedness of the dis-
14 solved district or corporation, including interest, is paid in full.

15 (c) **The board of directors serving as the ex officio board of the**
16 **dissolved district or corporation may not impose charges or fees on the**
17 **territory in the dissolved district or corporation to the extent that the**
18 **board of directors has received moneys from the dissolved district or**
19 **corporation that may be used to pay all or part of the indebtedness.**

20 [(c)] (d) Before a debt distribution plan may be [*agreed to*] **finalized** under
21 this section, the urban flood safety and water quality district shall **seek to**
22 obtain consent from all known holders of valid indebtedness owed by the
23 district or corporation to be dissolved [*or releases based on provision in*]. **If**
24 **consent cannot be reached on or before the date of dissolution**, the debt
25 distribution plan **shall provide** for the payment of nonconsenting holders.

26 (e) The territory within the boundaries of the district or corporation to
27 be dissolved may not by reason of the dissolution and transfer be relieved
28 of outstanding liabilities and indebtedness for which the district or corpo-
29 ration to be dissolved has previously entered into an agreement.

30 (5) After paying and discharging all debts and obligations or obtaining
31 consent from holders of valid indebtedness or releases from nonconsenting

1 holders, in accordance with the debt distribution plan, the governing body
2 of the district or corporation to be dissolved shall transfer to the urban flood
3 safety and water quality district all assets of the district or corporation to
4 be dissolved.

5 (6) If requested by the district or corporation to be dissolved, or at the
6 discretion of the board of directors, the board of directors may create a zone
7 committee with members appointed by the chair of the district or corporation
8 to be dissolved to provide for continuity and recommendations with respect
9 to fees, rates and charges, and levels of support and operation, within the
10 territory of the dissolved district or corporation.

11 **SECTION 8. Section 9 of this 2024 Act is added to and made a part**
12 **of ORS 550.150 to 550.410.**

13 **SECTION 9. (1) Following dissolution under ORS 550.360 of a district**
14 **or corporation, the members of the initial district board appointed**
15 **under ORS 550.190 (1)(i), (j) or (k) by the board of supervisors of the**
16 **dissolved drainage district, or under ORS 550.190 (1)(L) by the board**
17 **of directors of the dissolved corporation, shall continue to serve on the**
18 **initial district board until the initial district board is replaced by the**
19 **board of directors.**

20 (2) If one or more of these initial district board positions becomes
21 vacant before the members of the board of directors take office, the
22 initial district board shall appoint a replacement director who resides
23 or owns property, or represents the owner of property, within the
24 boundaries of the respective dissolved district or corporation.

25 **SECTION 10. This 2024 Act takes effect on the 91st day after the**
26 **date on which the 2024 regular session of the Eighty-second Legislative**
27 **Assembly adjourns sine die.**

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