

# DRAFT

## SUMMARY

Digest: This Act raises the cap on the funds an education service district can raise for capital costs by issuing bonds. (Flesch Readability Score: 63.8).

Permits an education service district to contract bonded indebtedness for capital costs in excess of limits applicable to component school districts.

## A BILL FOR AN ACT

1 Relating to education service district indebtedness; amending ORS 334.125.

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

3 **SECTION 1.** ORS 334.125 is amended to read:

4 334.125. (1) The education service district is a body corporate.

5 (2) The education service district board is authorized to transact all  
6 business coming within the jurisdiction of the education service district and  
7 may sue and be sued.

8 (3)(a) The education service district board shall perform all duties re-  
9 quired by law, including but not limited to:

10 [(a)] (A) Distribution of such school funds as it is empowered to appor-  
11 tion;

12 [(b)] (B) Conduct of audits;

13 [(c)] (C) Budget and tax levying duties, including the levying of taxes  
14 under ORS 280.060;

15 [(d)] (D) Contracting a bonded indebtedness and levying direct ad valorem  
16 taxes on all taxable property within the education service district in the  
17 manner that component school districts are authorized to issue bonds and  
18 levy taxes under ORS 328.205 to 328.304 and other laws applicable to the is-  
19 suance of bonds and levying of taxes by school districts, **except as provided**  
20

**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 **in paragraph (b) of this subsection;** and

2 [(e)] **(E)** Creating a county education bond district under ORS 328.304  
3 from a county within the district.

4 **(b) Notwithstanding ORS 328.245, an education service district board**  
5 **may contract a bonded indebtedness to finance capital costs permitted**  
6 **by Article XI, section 11L, of the Oregon Constitution, for purposes**  
7 **of the education service district or its component school districts as**  
8 **provided in this subparagraph. The aggregate principal amount of**  
9 **bonded indebtedness described in this subparagraph may not exceed**  
10 **7.95 percent (0.0795) of the real market value of all taxable property**  
11 **within the education service district, computed in accordance with**  
12 **ORS 308.207.**

13 (4) In addition to its duties under subsection (3) of this section, an edu-  
14 cation service district board:

15 (a) May provide services required by the local service plan developed  
16 pursuant to ORS 334.175;

17 (b) May provide funds to a component school district to provide services  
18 required by the local service plan in lieu of the component school district  
19 receiving services from the education service district;

20 (c) Shall provide funds as specified in ORS 327.019 (9) to a school district  
21 located within the territory of the education service district that has with-  
22 drawn from the education service district as provided in ORS 334.015; and

23 (d) For the purpose of providing services consistent with the local service  
24 plan, may enter into contracts with school districts that have withdrawn  
25 from the education service district as provided in ORS 334.015 or that are  
26 located outside the territory of the education service district.

27 (5) The education service district board may employ and fix the compen-  
28 sation of such personnel as it considers necessary for carrying out duties of  
29 the board.

30 (6) In carrying out its duties, the education service district board:

31 (a) May locate, buy, accept by gift or lease such land, buildings and fa-

1 cilities as may be required for district purposes. Leases authorized by this  
2 section may be for a term of up to 30 years and include lease-purchase  
3 agreements under which the district may acquire ownership of the leased  
4 property.

5 (b) May acquire personal property by a lease-purchase agreement or con-  
6 tract of purchase for a term exceeding one year. A lease-purchase agreement  
7 is one in which the rent payable by the district is expressly agreed to have  
8 been established to reflect the savings resulting from the exemption from  
9 taxation, and the district is entitled to ownership of the property at a nom-  
10 inal or other price that is stated or determinable by the terms of the agree-  
11 ment and was not intended to reflect the true value of the property.

12 (c) May lease property or sell and convey property of the district as the  
13 board considers unnecessary to its purposes.

14 (d) May purchase relocatable structures in installment transactions in  
15 which deferred installments of the purchase price are payable over not more  
16 than 10 years from the date of delivery of the property to the district and  
17 are secured by a security interest in the property. The transactions may take  
18 the form of, but are not limited to, lease-purchase agreements.

19 (e) May accept money or property donated for the use or benefit of the  
20 district and use the money or property for the purpose for which it was do-  
21 nated.

22 (7) The education service district board may adopt rules it considers  
23 necessary to carry out the duties of the board.

24 (8) The education service district may contract with public and private  
25 entities for service delivery.

26 (9)(a) The education service district shall work cooperatively with com-  
27 ponent school districts and review periodically with component school dis-  
28 tricts the operations of component school districts and shall submit to the  
29 component school districts plans for operations that achieve economies and  
30 efficiencies through consolidation of various operations of all or some of the  
31 districts. The education service district and its component school districts

1 shall submit an annual report on the effectiveness of the consolidation of  
2 operations to the State Board of Education.

3 (b) As used in this subsection, "operations" means services involving  
4 transportation, payroll, student records, auditing, legal services, insurance,  
5 printing, investment and other similar services.

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