

B-Engrossed
House Bill 2514

Ordered by the Senate May 21
Including House Amendments dated February 12 and Senate Amendments
dated May 21

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Education for Oregon Association of Education Service Districts)

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. The statement includes a measure digest written in compliance with applicable readability standards.

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

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

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

5 334.125. (1) The education service district is a body corporate.

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

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

10 [(a)] (A) Distribution of such school funds as it is empowered to apportion;

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

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

13 [(d)] (D) Contracting a bonded indebtedness and levying direct ad valorem taxes on all taxable
14 property within the education service district in the manner that component school districts are
15 authorized to issue bonds and levy taxes under ORS 328.205 to 328.304 and other laws applicable to
16 the issuance of bonds and levying of taxes by school districts, **except as provided in paragraph**
17 **(b) of this subsection;** and

18 [(e)] (E) Creating a county education bond district under ORS 328.304 from a county within the
19 district.

20 (b) **Notwithstanding ORS 328.245, an education service district board may contract a**
21 **bonded indebtedness to finance capital costs permitted by Article XI, section 11L, of the**
22 **Oregon Constitution, for purposes of the education service district or its component school**
23 **districts as provided in this paragraph. The aggregate principal amount of bonded indebt-**
24 **edness described in this paragraph may not exceed 7.95 percent (0.0795) of the real market**
25 **value of all taxable property within the education service district, computed in accordance**
26 **with ORS 308.207.**

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 (4) In addition to its duties under subsection (3) of this section, an education service district
2 board:

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

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

7 (c) Shall provide funds as specified in ORS 327.019 (9) to a school district located within the
8 territory of the education service district that has withdrawn from the education service district as
9 provided in ORS 334.015; and

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

13 (5) The education service district board may employ and fix the compensation of such personnel
14 as it considers necessary for carrying out duties of the board.

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

16 (a) May locate, buy, accept by gift or lease such land, buildings and facilities as may be required
17 for district purposes. Leases authorized by this section may be for a term of up to 30 years and
18 include lease-purchase agreements under which the district may acquire ownership of the leased
19 property.

20 (b) May acquire personal property by a lease-purchase agreement or contract of purchase for a
21 term exceeding one year. A lease-purchase agreement is one in which the rent payable by the dis-
22 trict is expressly agreed to have been established to reflect the savings resulting from the exemption
23 from taxation, and the district is entitled to ownership of the property at a nominal or other price
24 that is stated or determinable by the terms of the agreement and was not intended to reflect the true
25 value of the property.

26 (c) May lease property or sell and convey property of the district as the board considers un-
27 necessary to its purposes.

28 (d) May purchase relocatable structures in installment transactions in which deferred install-
29 ments of the purchase price are payable over not more than 10 years from the date of delivery of
30 the property to the district and are secured by a security interest in the property. The transactions
31 may take the form of, but are not limited to, lease-purchase agreements.

32 (e) May accept money or property donated for the use or benefit of the district and use the
33 money or property for the purpose for which it was donated.

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

36 (8) The education service district may contract with public and private entities for service de-
37 livery.

38 (9)(a) The education service district shall work cooperatively with component school districts
39 and review periodically with component school districts the operations of component school districts
40 and shall submit to the component school districts plans for operations that achieve economies and
41 efficiencies through consolidation of various operations of all or some of the districts. The education
42 service district and its component school districts shall submit an annual report on the effectiveness
43 of the consolidation of operations to the State Board of Education.

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

