

Enrolled
House Bill 3056

Sponsored by Representatives HUNT, HOLVEY

CHAPTER

AN ACT

Relating to urban renewal; creating new provisions; and amending ORS 457.010, 457.190, 457.220, 457.420, 457.440, 457.450 and 457.460.

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

SECTION 1. ORS 457.190 is amended to read:

457.190. (1) An urban renewal agency may borrow money and accept advances, loans, grants and any other form of financial assistance from the federal government, the state, county or other public body, or from any sources, public or private, for the purposes of undertaking and carrying out urban renewal projects.

(2) An urban renewal agency may do all things necessary or desirable to secure such financial aid, including obligating itself in any contract with the federal government for federal financial aid to convey to the federal government the project to which the contract relates upon the occurrence of a substantial default thereunder, in the same manner as a housing authority may do to secure such aid in connection with blighted area clearance and housing projects under the Housing Authorities Law.

(3)(a) Each urban renewal plan adopted by ordinance on or after July 14, 1997, that provides for a division of taxes pursuant to ORS 457.440 shall include in the plan the maximum amount of indebtedness that may be issued or incurred under the plan. Notwithstanding subsection (1) of this section, if a maximum amount of indebtedness is not included in the plan, the urban renewal agency may not issue indebtedness for which taxes divided under ORS 457.440 are to be pledged to carry out the plan.

(b) Each urban renewal plan adopted by ordinance on or after December 6, 1996, and before July 14, 1997, that provides for a division of taxes pursuant to ORS 457.440 but does not include a maximum amount of indebtedness that may be issued or incurred under the plan shall be changed, by substantial plan amendment pursuant to ORS 457.220, to include the maximum amount of indebtedness that may be issued or incurred under the plan before July 1, 2000. Notwithstanding subsection (1) of this section, if a maximum amount of indebtedness is not included in the plan on or before July 1, 2000, the urban renewal agency may not on or after July 1, 2000, issue indebtedness for which taxes divided under ORS 457.440 are to be pledged to carry out the plan.

(c)(A) Each existing urban renewal plan that provides for a division of taxes pursuant to ORS 457.420 to 457.460 may be changed by substantial amendment no later than July 1, 1998, to include a maximum amount of indebtedness that may be issued or incurred under the plan determined as described in subparagraph (B) of this paragraph. The additional notices required under ORS 457.120 are not required for an amendment adopted pursuant to this paragraph.

(B) The maximum amount of indebtedness that may be issued or incurred under the plan, as determined for purposes of meeting the requirements of this paragraph, shall be based upon good faith estimates of the scope and costs of projects, including but not limited to increases in costs due to reasonably anticipated inflation, in the existing urban renewal plan and the schedule for their completion as completion dates were anticipated as of December 5, 1996. The maximum amount of indebtedness shall be specified in dollars and cents.

(C) Notwithstanding subsection (1) of this section, if a maximum amount of indebtedness is not adopted for an existing urban renewal plan as described in this paragraph before July 1, 1998, the urban renewal agency may not collect funds under ORS 457.435.

(4) For an urban renewal plan initially approved on or after the effective date of this 2009 Act, other than for a large metropolitan plan as defined in section 10 of this 2009 Act, the initial maximum indebtedness that may be issued or incurred under the plan shall be established as follows:

(a) If the total assessed value in the certified statement under ORS 457.430 is less than or equal to \$50 million, the initial maximum indebtedness may not exceed \$50 million.

(b) If the total assessed value in the certified statement is more than \$50 million and less than or equal to \$150 million, the initial maximum indebtedness may not exceed \$50 million plus 50 percent of the total assessed value in the certified statement that is over \$50 million.

(c) If the total assessed value in the certified statement exceeds \$150 million, the initial maximum indebtedness may not exceed \$100 million, plus 35 percent of the total assessed value in the certified statement that is over \$150 million.

(d) Beginning July 1, 2010, the dollar limits set forth in this subsection may be increased on July 1 of each year by the index used in the urban renewal report to compute the future costs of projects that will be financed under the plan.

(e) The limits in this subsection do not apply if the agency obtains concurrence as provided in section 10 of this 2009 Act.

SECTION 2. ORS 457.220 is amended to read:

457.220. (1) Except for the provisions of [subsection] **subsections (2) and (4)** of this section, an urban renewal agency shall carry out the urban renewal plan approved under ORS 457.095.

(2) Any substantial change made in the urban renewal plan shall, before being carried out, be approved and recorded in the same manner as the original plan.

(3) No land equal to more than 20 percent of the total land area of the original plan shall be added to the urban renewal areas of a plan by amendments.

(4) On or after the effective date of this 2009 Act, the urban renewal agency may amend a plan that is not a large metropolitan plan as defined in section 10 of this 2009 Act to increase the maximum indebtedness, provided that:

(a) The aggregate of all amendments under this subsection may not exceed 20 percent of the plan's initial maximum indebtedness, as adjusted pursuant to paragraph (b) of this subsection.

(b) For purposes of computing the 20 percent limit on increases in maximum indebtedness, the initial maximum indebtedness may be increased annually on the anniversary date of initial approval of the plan by the index used in the urban renewal report to compute the future costs of projects that will be financed under the plan, beginning on the later of July 1, 1999, or the first anniversary of plan approval. This increase may be applied only to the first amendment to the maximum indebtedness that is made on or after the effective date of this 2009 Act.

(5) The limits in subsection (4) of this section do not apply if the agency obtains concurrence as provided in section 10 of this 2009 Act.

SECTION 3. ORS 457.420 is amended to read:

457.420. (1) Any urban renewal plan may contain a provision that the ad valorem taxes, if any, levied by a taxing district in which all or a portion of an urban renewal area is located, shall be divided as provided in section 1c, Article IX of the Oregon Constitution, and ORS 457.420 to 457.460.

Ad valorem taxes shall not be divided if there is no provision in the urban renewal plan for the division.

(2) No plan adopted after October 3, 1979, shall provide for a division of ad valorem taxes under subsection (1) of this section if:

(a) For municipalities having a population of more than 50,000, according to the latest state census:

(A) The assessed value for the urban renewal areas of the plan, when added to the total assessed value previously certified by the assessor for other urban renewal plans of the municipality for which a division of ad valorem taxes is provided, exceeds a figure equal to 15 percent of the total assessed value of that municipality, exclusive of any increased assessed value for other urban renewal areas **and without regard to adjustments made pursuant to ORS 457.435 (2)(c) or section 7 or 10 (2) to (5) of this 2009 Act;** or

(B) The urban renewal areas of the plan when added to the areas included in other urban renewal plans of the municipality providing for a division of ad valorem taxes, exceed a figure equal to 15 percent of the total land area of that municipality.

(b) For municipalities having a population of less than 50,000, according to the latest state census:

(A) The assessed value for the urban renewal areas of the plan, when added to the total assessed value previously certified by the assessor for other urban renewal plans of the municipality for which a division of ad valorem taxes is provided, exceeds a figure equal to 25 percent of the total assessed value of that municipality, exclusive of any increased assessed value for other urban renewal areas **and without regard to adjustments made pursuant to ORS 457.435 (2)(c) or section 7 or 10 (2) to (5) of this 2009 Act;** or

(B) The urban renewal areas of the plan, when added to the areas included in other urban renewal plans of the municipality providing for a division of ad valorem taxes, exceed a figure equal to 25 percent of the total land area of that municipality.

(3) Property may not be included in more than one urban renewal area.

SECTION 4. ORS 457.440 is amended to read:

457.440. During the period specified under ORS 457.450:

(1) The county assessor shall determine the amount of funds to be raised each year for urban renewal within the county levied by taxing districts in accordance with section 1c, Article IX of the Oregon Constitution, and ORS 457.420 to 457.460.

(2) Not later than July 15 of each tax year, each urban renewal agency shall determine and file with the county assessor a notice stating the amount of funds to be raised for each urban renewal area as follows:

(a) If the municipality that activated the urban renewal agency has chosen Option One as provided in ORS 457.435 (2)(a), the notice shall state that the maximum amount of funds that may be raised by dividing the taxes under section 1c, Article IX of the Oregon Constitution, shall be raised for the agency.

(b) If the municipality that activated the urban renewal agency has chosen Option Two as provided in ORS 457.435 (2)(b), the notice shall state the amount of funds to be raised by the special levy.

(c) If the municipality that activated the urban renewal agency has chosen Option Three as provided in ORS 457.435 (2)(c), the notice shall state the amount of funds to be raised by special levy in addition to the amount to be raised by dividing the taxes as stated in the ordinance adopted under ORS 457.435 (1).

(d) For plans that are initially approved or substantially amended to increase maximum indebtedness on or after the effective date of this 2009 Act, the notice must comply with section 10 of this 2009 Act.

(e) If the agency limits the amount that may be raised by the division of taxes, as provided in section 7 (1) of this 2009 Act, the notice shall comply with section 7 (1) of this 2009 Act.

[(d)] (f) If the plan is not [an existing plan] **described in paragraph (a), (b), (c), (d) or (e) of this subsection**, the notice shall state that the maximum amount of funds that may be raised by dividing the taxes under section 1c, Article IX of the Oregon Constitution, shall be raised for the agency.

(3) If a municipality has chosen Option Three pursuant to ORS 457.435, the maximum amount of funds that may be raised for an urban renewal agency by dividing the taxes as provided in section 1c, Article IX of the Oregon Constitution, may be limited by the municipality in which the urban renewal agency is located. The decision of the municipality to limit the amount of funds to be included in the notice filed under subsection (2) of this section shall be reflected in the certified statement filed by the urban renewal agency with the county assessor.

(4) Not later than September 25 of each tax year, the assessor of any county in which a joint district is located shall provide, to the assessor of each other county in which the joint district is located, the assessed values of the property in the joint district that is located within the county, including the certified statement value and the increment for each code area containing any urban renewal area located within the joint district, and a copy of the notice filed by the urban renewal agency for the area located within the joint district under subsection (2) of this section.

(5) The maximum amount of funds that may be raised for an urban renewal plan by dividing the taxes as provided in section 1c, Article IX of the Oregon Constitution, shall be computed by the county assessor as follows:

(a) The county assessor shall compute the total consolidated billing tax rate for each code area in which an urban renewal area of the plan is located.

(b) The assessor shall determine the amount of taxes that would be produced by extending the tax rate computed under paragraph (a) of this subsection against the increment of each code area.

(c) The total amount determined for all code areas containing urban renewal areas included within the urban renewal plan is the maximum amount of funds to be raised for the urban renewal plan by dividing the taxes.

(6)(a) *[The maximum amount of funds that may be raised for an urban renewal agency as determined under subsection (5) of this section, or the maximum amount, as determined under subsection (2) of this section, shall be certified by the county assessor to the tax collector. The tax collector]* **The county assessor shall certify to the tax collector the amount of funds to be raised for an urban renewal agency as determined under subsection (2) of this section. The tax collector** shall include the amount so certified in the percentage schedule of the ratio of taxes on property prepared under ORS 311.390 and filed with the county treasurer. Notwithstanding ORS 311.395 (6), the county treasurer shall credit the amount to the urban renewal agency and shall distribute its percentage amount to the urban renewal agency as determined by the schedule at the times other distributions are made under ORS 311.395 (7).

(b) The county assessor shall notify the urban renewal agency of the amounts received under subsection (5) of this section or amounts received pursuant to the notice provided in subsection (2) of this section for each urban renewal plan area. Any amounts received by the urban renewal agency under paragraph (a) of this subsection shall be attributed to the urban renewal plan in which the urban renewal area is included, shall be paid into a special fund of the urban renewal agency for the urban renewal plan and shall be used to pay the principal and interest on any indebtedness issued or incurred by the urban renewal agency to finance or refinance the urban renewal plan.

(7) Unless and until the total assessed value of the taxable property in an urban renewal area exceeds the total assessed value specified in the certified statement, all of the ad valorem taxes levied and collected upon the taxable property in the urban renewal area shall be paid into the funds of the respective taxing districts.

(8) The agency may incur indebtedness, including obtaining loans and advances in carrying out the urban renewal plan, and the portion of taxes received under this section may be irrevocably pledged for the payment of principal of and interest on the indebtedness.

(9) The Department of Revenue shall by rule establish procedures for giving notice of amounts to be raised for urban renewal agencies and for determination of amounts to be raised and distributed to urban renewal agencies.

(10) The notice required under this section shall serve as the notice required under ORS 310.060 for the special levy described under ORS 457.435.

(11) Notwithstanding any other provision of this chapter, a city with a population of more than 500,000 on the effective date of this 2009 Act may, in lieu of its urban renewal agency, take any actions that an urban renewal agency is authorized to take under this section and any other actions that are required to certify, collect, receive, hold and apply tax revenues raised for the urban renewal agency under section 1c, Article IX of the Oregon Constitution, and taxes authorized for the urban renewal agency by section 11 (16), Article XI of the Oregon Constitution.

SECTION 5. ORS 457.450 is amended to read:

457.450. (1)(a) ORS 457.440 shall first apply to the assessment roll next following the tax roll referred to in ORS 457.430 if the assessor is provided notice of a plan adoption or amendment changing area boundaries by the agency prior to January 1 before the tax year to which the plan first applies.

(b) If the assessor is not provided notice of plan adoption or amendment changing area boundaries by the agency prior to January 1 before the tax year to which ORS 457.440 would otherwise first apply, then ORS 457.440 shall first apply to the assessment roll next following the assessment roll described in paragraph (a) of this subsection.

(2) When the principal and interest on **the maximum** indebtedness **of an urban renewal plan** to which the portion of taxes is irrevocably pledged for payment under ORS 457.435 or 457.440 is fully paid, or it is found that deposits in the special fund are sufficient to fully pay principal and interest on *[that]* **the maximum** indebtedness either through direct payment of the indebtedness or by payment of principal and interest on bonds or notes issued to finance the indebtedness, the agency shall notify the assessor of that fact.

(3) All moneys remaining unexpended from the special fund provided for in ORS 457.435 or 457.440, after payment of all the principal and interest on indebtedness is provided for, shall be turned over to the county treasurer by the agency and prorated by the treasurer back to the taxing districts in which the area, or part thereof, is located, in proportion to the amount of money in the fund attributable to each taxing district for the last fiscal year in which tax levy moneys were paid into the special fund of the agency under ORS 457.435 or 457.440.

SECTION 6. Section 7 of this 2009 Act is added to and made a part of ORS chapter 457.

SECTION 7. (1) **If the maximum amount of funds under ORS 457.440 is not required to pay the principal and interest on indebtedness incurred for an urban renewal plan, the urban renewal agency may take formal action to limit collections under a plan for a single fiscal year, and may notify the county assessor pursuant to ORS 457.440 (2)(e) to compute the division of taxes for the urban renewal area using an assessed value that is equal to the amount specified by the agency. The assessor may not use an amount that is greater than the increment.**

(2) **If the maximum amount of funds under ORS 457.440 is not required to pay the principal and interest on indebtedness incurred for an urban renewal plan, the urban renewal agency may limit future collections under a plan by notifying the county assessor to permanently increase the amount of the total assessed value included in the certified statement filed under ORS 457.430. The assessed value included in the certified statement may not be subsequently decreased except in connection with boundary changes.**

(3) **Before taking formal action under this section, the urban renewal agency shall consult and confer with each taxing district affected by the urban renewal plan.**

SECTION 8. ORS 457.460 is amended to read:

457.460. (1) *[An agency shall, by August 1 of each year,]* **Not later than January 31 of each year, an urban renewal agency shall** prepare a statement on the same basis on which its financial statements are prepared containing:

(a) The amount of money received during the preceding fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460;

(b) The purposes and amounts for which any money received under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460 were expended during the preceding fiscal year;

(c) An estimate of moneys to be received during the current fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460;

(d) A budget setting forth the purposes and estimated amounts for which the moneys which have been or will be received under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460 are to be expended during the current fiscal year; and

(e) An analysis of the impact, if any, of carrying out the urban renewal plan on the tax collections for the preceding year for all taxing districts included under ORS 457.430.

(2) The statement required by subsection (1) of this section shall be filed with the governing body of the municipality. Notice shall be published that the statement has been prepared and is on file with the municipality and the agency and the information contained in the statement is available to all interested persons. The notice shall be published once a week for not less than two successive weeks before *[September 1]* **March 1** of the year *[for]* **in** which the statement is *[required]* **filed**, in accordance with ORS 457.115. The notice shall summarize the information required under subsection (1)(a) to (d) of this section and shall set forth in full the information required under subsection (1)(e) of this section.

SECTION 9. Section 10 of this 2009 Act is added to and made a part of ORS chapter 457.

SECTION 10. (1) As used in this section, unless the context requires otherwise:

(a) “Assumed increment” means the assessed value of the increment in the prior year, increased by the average percentage increase of the increment, if any, during the three prior years.

(b) “Large metropolitan plan” means a plan for an urban renewal area by a city with a population of more than 500,000 on the effective date of this 2009 Act that is either first approved on or after the effective date of this 2009 Act or is substantially amended to increase maximum indebtedness on or after the effective date of this 2009 Act.

(c) “Maximum division of taxes” means the maximum amount of funds that may be raised for an urban renewal plan by dividing the taxes as provided in section 1c, Article IX of the Oregon Constitution, as described in ORS 457.440 (5), without regard to notices to assessors under this section or section 7 (1) of this 2009 Act or adjustments made pursuant to ORS 457.435 (2)(c).

(d) “Transition amount” means the maximum division of taxes for a plan in the year in which the plan is first substantially amended to increase maximum indebtedness on or after the effective date of this 2009 Act.

(2)(a) Except as provided in paragraphs (b) and (c) of this subsection, an urban renewal agency may notify the assessor to collect the maximum division of taxes for a plan, other than a large metropolitan plan, that is first approved on or after the effective date of this 2009 Act.

(b) Beginning with the later of the 11th year after the initial approval of the plan or the first year after the year in which the maximum division of taxes equals or exceeds 10 percent of the initial maximum indebtedness in the plan, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an assessed value that is not greater than the sum of:

(A) The amount of assessed value the agency estimates will produce division of tax revenues equal to 10 percent of the initial maximum indebtedness in the plan; and

(B) 25 percent of the amount by which the assumed increment exceeds the assessed value of the increment the agency estimates will produce division of tax revenues equal to 10 percent of the initial maximum indebtedness in the plan.

(c) Beginning with the first year after the year in which the division of taxes equals or exceeds 12.5 percent of the initial maximum indebtedness in the plan, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an amount of assessed value that the agency estimates will produce division of tax revenues that does not exceed 12.5 percent of the initial maximum indebtedness in the plan.

(d) After computing the assessed value as required under paragraph (b) or (c) of this subsection, an urban renewal agency shall further modify the value if, for reasons other than use of the assumed increment, the value included in the prior year's notice to the assessor resulted in division of tax revenues different from the respective target amounts under paragraphs (b) and (c) of this subsection. The modification under this paragraph may not exceed an amount that would result in the difference between the actual revenues and the target amounts.

(3)(a) Except as provided in paragraphs (b) and (c) of this subsection, an urban renewal agency may notify the assessor to collect the maximum division of taxes for a plan, other than a large metropolitan plan, that is substantially amended on or after the effective date of this 2009 Act to increase maximum indebtedness.

(b) Beginning with the later of the year after the year in which the plan is substantially amended or the 11th year after the plan was initially approved, when the maximum division of taxes exceeds 10 percent of the initial maximum indebtedness in the plan, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an assessed value that is not greater than the sum of:

(A) The amount of assessed value the agency estimates will produce division of tax revenues equal to the greater of:

(i) 10 percent of the initial maximum indebtedness in the plan; or

(ii) The transition amount; and

(B) 25 percent of the amount by which the assumed increment exceeds the assessed value of the increment the agency estimates will produce division of tax revenues equal to the greater of:

(i) 10 percent of the initial maximum indebtedness in the plan; or

(ii) The transition amount.

(c) Beginning with the first year after the year in which the division of taxes equals or exceeds the greater of 12.5 percent of the initial maximum indebtedness in the plan or the transition amount, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an amount of assessed value that the agency estimates will produce division of tax revenues that does not exceed the greater of 12.5 percent of the initial maximum indebtedness in the plan or the transition amount.

(d) After computing the assessed value as required under paragraph (b) or (c) of this subsection, an agency shall further modify the value if, for reasons other than use of the assumed increment, the value included in the prior year's notice to the assessor resulted in division of tax revenues different from the respective target amounts under paragraphs (b) and (c) of this subsection. The modification under this paragraph may not exceed an amount that would result in the difference between the actual revenues and the target amounts.

(4)(a) Except as provided in paragraphs (b) to (d) of this subsection, an urban renewal agency may notify the assessor to impose the maximum division of taxes for a large metropolitan plan that is initially approved on or after the effective date of this 2009 Act.

(b) In the first year after the year in which the maximum division of taxes equals or exceeds three percent of the initial maximum indebtedness in the plan, the agency shall no-

tify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an assessed value that is not greater than the sum of:

(A) The amount of assessed value the agency estimates will produce division of tax revenues equal to three percent of the initial maximum indebtedness in the plan; and

(B) 75 percent of the amount by which the assumed increment exceeds the assessed value of the increment the agency estimates will produce division of tax revenues equal to three percent of the initial maximum indebtedness in the plan.

(c) Except as provided in paragraph (d) of this subsection, beginning with the year after the year described in paragraph (b) of this subsection, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an assessed value that is not greater than the sum of:

(A) The amount of assessed value the agency estimates will produce division of tax revenues equal to the greatest amount of division of tax revenues the agency was permitted to use in any prior year to compute assessed value under this paragraph or paragraph (b) of this subsection; and

(B) 75 percent of the amount by which the assumed increment exceeds the assessed value of the increment the agency estimates will produce division of tax revenues equal to the greatest amount of division of tax revenues the agency was permitted to use in any prior year under this paragraph or paragraph (b) of this subsection.

(d) Beginning with the first year after the year described in paragraph (c) of this subsection in which the division of tax revenues equals or exceeds 10 percent of the initial maximum indebtedness in the plan, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an amount of assessed value the agency estimates will produce division of tax revenues that does not exceed 10 percent of the initial maximum indebtedness in the plan.

(e) After computing the assessed value as required under paragraph (b), (c) or (d) of this subsection, an agency shall further modify the value if, for reasons other than use of the assumed increment, the value included in the prior year's notice to the assessor resulted in division of tax revenues different from the respective target amounts under paragraphs (b) to (d) of this subsection. The modification under this paragraph may not exceed an amount that would result in the difference between the actual revenues and the target amounts.

(5)(a) As used in this subsection, "substantial amendment" refers to the first substantial amendment to increase maximum indebtedness for the urban renewal plan after the effective date of the 2009 Act.

(b) This subsection applies to an urban renewal plan that becomes a large metropolitan plan because it is substantially amended to increase its maximum indebtedness on or after the effective date of this 2009 Act. This subsection applies beginning in the first year after the year in which the urban renewal plan is first amended to increase its maximum indebtedness on or after the effective date of this 2009 Act. Except as provided in paragraphs (c) to (e) of this subsection, an urban renewal agency may notify the assessor to impose the maximum division of taxes.

(c) In the first year following a year that the maximum division of taxes exceeds three percent of the maximum indebtedness in effect for the plan immediately before the substantial amendment, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an assessed value that is not greater than the sum of:

(A) The amount of assessed value the agency estimates will produce division of tax revenues equal to the greater of:

(i) The transition amount; or

(ii) Three percent of the maximum indebtedness in the plan immediately before the substantial amendment; and

(B) 75 percent of the amount by which the assumed increment exceeds the assessed value of the increment the agency estimates will produce division of tax revenues equal to the greater of:

(i) The transition amount; or

(ii) Three percent of the maximum indebtedness in the plan immediately before the substantial amendment.

(d) Except as provided in paragraph (e) of this subsection, beginning with the year after the year described in paragraph (c) of this subsection, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an assessed value that is not greater than the sum of:

(A) The amount of assessed value the agency estimates will produce division of tax revenues equal to the greatest amount of division of tax revenues the agency was permitted to use in any prior year to compute assessed value under this paragraph or paragraph (c) of this subsection; and

(B) 75 percent of the amount by which the assumed increment exceeds the assessed value of the increment the agency estimates will produce division of tax revenues equal to the greatest amount of division of tax revenues the agency was permitted to use in any prior year under this paragraph or paragraph (c) of this subsection.

(e) Beginning with the first year after the year in which the division of tax revenues equals or exceeds the greater of the transition amount or 10 percent of the maximum indebtedness in effect for the plan immediately before the substantial amendment, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an amount of assessed value that is not greater than an amount the agency estimates will produce division of tax revenues equal to the greater of the transition amount or 10 percent of the maximum indebtedness in effect for the plan immediately before the substantial amendment.

(f) After computing the assessed value as required under paragraph (c), (d) or (e) of this subsection, an agency shall further modify the value if, for reasons other than use of the assumed increment, the value included in the prior year's notice to the assessor resulted in division of tax revenues different from the respective target amounts under paragraphs (c) to (e) of this subsection. The modification under this paragraph may not exceed an amount that would result in the difference between the actual revenues and the target amounts.

(6)(a) The initial maximum indebtedness for a large metropolitan plan that is initially approved after the effective date of this 2009 Act shall be established as provided in ORS 457.190 (4)(a) to (c).

(b) Beginning in 2010, the dollar amounts in this subsection may be increased on July 1 of any year by the percent change in average construction costs since July 1, 2009, according to the Engineering News-Record Northwest (Seattle, Washington) Construction Cost Index. The adjusted dollar amounts may be used only when a large metropolitan plan is initially approved.

(c) The maximum indebtedness may not be increased by more than 20 percent of the initial maximum indebtedness of the plan.

(d) The maximum indebtedness for a plan that becomes a large metropolitan plan because it is substantially amended on or after the effective date of this 2009 Act to increase its maximum indebtedness may not be increased above 20 percent of the maximum indebtedness in effect for the plan immediately before the first substantial amendment to increase maximum indebtedness that was made on or after the effective date of this 2009 Act.

(7) Limitations imposed under this section and section 7 of this 2009 Act and ORS 457.190 (4) and 457.220 (4) do not apply to the extent the municipality approving a plan obtains the written concurrence of taxing districts imposing at least 75 percent of the amount of taxes imposed under permanent rate limits in the urban renewal area. For plans that are initially approved or substantially amended on or after the effective date of this 2009 Act, compliance

with this section is determined based on the amount of taxes imposed under permanent rate limits in the fiscal year prior to the fiscal year in which the plan is approved or amended, as applicable.

(8) For purposes of this section, a plan is treated as approved or amended on the day on which the municipality took final action to enact the nonemergency ordinance approving or amending the plan.

(9) The amounts shown in the certified statement filed under ORS 457.430 are not affected by subsections (2) to (5) of this section. If the increment for an area is less than the assessed value that the assessor is directed to use under subsections (2) to (5) of this section, the division of taxes shall be computed based on the increment and the assessor shall impose the maximum division of taxes for the plan.

(10)(a) Notwithstanding subsection (1) of this section, as used in this subsection, "transition amount" means the maximum division of taxes for the plan in the fiscal year that the first amendment made after June 1, 2008, to increase maximum indebtedness takes effect.

(b) Notwithstanding any provisions in this section to the contrary, an urban renewal plan that was first approved in 1998 and had an initial maximum indebtedness of \$224,780,350 may be substantially amended after June 1, 2008, to increase maximum indebtedness by not more than \$343,719,650.

(c) Except as provided in paragraph (d) of this subsection, an urban renewal agency may notify the assessor to collect the maximum division of taxes for an urban renewal plan described in paragraph (b) of this subsection that is substantially amended to increase its maximum indebtedness after June 1, 2008.

(d) Beginning with the first fiscal year after the fiscal year in which the first amendment made after June 1, 2008, to increase maximum indebtedness in the plan described in paragraph (b) of this subsection takes effect that the maximum division of taxes exceeds three percent of the maximum indebtedness in effect for the plan immediately after the first amendment made after June 1, 2008, to increase maximum indebtedness takes effect, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an assessed value that is the sum of:

(A) The amount of assessed value the agency estimates will produce division of tax revenues equal to the greater of:

(i) The transition amount; or

(ii) Three percent of the maximum indebtedness in effect for the plan immediately after the first amendment made after June 1, 2008, to increase maximum indebtedness takes effect; and

(B) 75 percent of the amount by which the assumed increment exceeds the assessed value of the increment the agency estimates will produce division of tax revenues equal to the greater of:

(i) The transition amount; or

(ii) Three percent of the maximum indebtedness in effect for the plan immediately after the first amendment made after June 1, 2008, to increase maximum indebtedness takes effect.

(e)(A) To the extent permitted by law, a plan amendment described in this subsection shall provide direct economic benefits to the county in which the plan's urban renewal area is located in the following amounts:

(i) If the plan is substantially amended to increase maximum indebtedness by \$343,719,650 or more, at least \$35,000,000.

(ii) If the plan is amended to increase maximum indebtedness by less than \$343,719,650, no less than 10.18 percent of any increase in maximum indebtedness.

(B) Benefits required under subparagraph (A) of this paragraph shall be paid as follows:

(i) \$10,000,000 no later than June 30, 2014; and

(ii) The balance no later than June 30, 2021.

(11)(a) The Director of the Department of Revenue shall adopt rules necessary to apportion assessed value among tax code areas in an urban renewal area for which the urban renewal agency has notified the assessor pursuant to this section or ORS 457.440 (2)(d) or section 7 of this 2009 Act to compute the division of taxes.

(b) The director may adopt any rule necessary or convenient for the imposition and collection of taxes under this section or section 7 of this 2009 Act.

(12) The taxing districts affected by the urban renewal plan and the urban renewal agency are not liable for any amount by which amounts intended to be collected pursuant to this section differ from the targeted amounts in subsections (2) to (5) of this section. The sole remedy for any difference is the agency's modification of assessed value in subsequent years' notices as provided in subsections (2)(d), (3)(d), (4)(e) and (5)(f) of this section.

SECTION 11. ORS 457.010 is amended to read:

457.010. As used in this chapter, unless the context requires otherwise:

(1) "Blighted areas" means areas that, by reason of deterioration, faulty planning, inadequate or improper facilities, deleterious land use or the existence of unsafe structures, or any combination of these factors, are detrimental to the safety, health or welfare of the community. A blighted area is characterized by the existence of one or more of the following conditions:

(a) The existence of buildings and structures, used or intended to be used for living, commercial, industrial or other purposes, or any combination of those uses, that are unfit or unsafe to occupy for those purposes because of any one or a combination of the following conditions:

(A) Defective design and quality of physical construction;

(B) Faulty interior arrangement and exterior spacing;

(C) Overcrowding and a high density of population;

(D) Inadequate provision for ventilation, light, sanitation, open spaces and recreation facilities;

or

(E) Obsolescence, deterioration, dilapidation, mixed character or shifting of uses;

(b) An economic dislocation, deterioration or disuse of property resulting from faulty planning;

(c) The division or subdivision and sale of property or lots of irregular form and shape and inadequate size or dimensions for property usefulness and development;

(d) The laying out of property or lots in disregard of contours, drainage and other physical characteristics of the terrain and surrounding conditions;

(e) The existence of inadequate streets and other rights of way, open spaces and utilities;

(f) The existence of property or lots or other areas that are subject to inundation by water;

(g) A prevalence of depreciated values, impaired investments and social and economic maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered;

(h) A growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare; or

(i) A loss of population and reduction of proper utilization of the area, resulting in its further deterioration and added costs to the taxpayer for the creation of new public facilities and services elsewhere.

(2) "Certified statement" means the statement prepared and filed pursuant to ORS 457.430 or an amendment to the certified statement prepared and filed pursuant to ORS 457.430.

(3) "City" means any incorporated city.

(4) "Consolidated billing tax rate" means:

(a) If the urban renewal plan is an existing urban renewal plan (other than an existing urban renewal plan designated as an Option Three plan under ORS 457.435 (2)(c)), an urban renewal plan that was an existing urban renewal plan on October 6, 2001, (other than an existing urban renewal plan designated as an Option Three plan under ORS 457.435 (2)(c)) and that was substantially amended as described in ORS 457.085 (2)(i)(A) or (B) on or after October 6, 2001, or an urban renewal plan adopted on or after October 6, 2001, the total of all district tax rates used to extend

taxes after any adjustment to reflect tax offsets under ORS 310.105, but does not include any rate derived from:

(A) Any urban renewal special levy under ORS 457.435[;].

(B) A local option tax, as defined in ORS 280.040, that is approved by taxing district electors after October 6, 2001[; *or*].

(C) A tax pledged to repay exempt bonded indebtedness (other than exempt bonded indebtedness used to fund local government pension and disability plan obligations that, until funded by the exempt bonded indebtedness, were described in section 11 (5), Article XI of the Oregon Constitution), as defined in ORS 310.140, that is approved by taxing district electors after October 6, 2001[; *and*].

(D) The increase in the rate of ad valorem property tax allowable under section 11 (5)(d), Article XI of the Oregon Constitution, for a school district with a statutory rate limit on July 1, 2003, that is greater than \$4.50 per \$1,000 of assessed value, to the extent that the increase is excluded from local revenues, as that term is used in ORS chapter 327, and provided that the school district notifies the county assessor of the rate to be excluded for the current fiscal year not later than July 15.

(b) In the case of all other urban renewal plans, the total of all district ad valorem property tax rates used to extend taxes after any adjustments to reflect tax offsets under ORS 310.105, except that “consolidated billing tax rate” does not include any urban renewal special levy rate under ORS 457.435.

(5)(a) “Existing urban renewal plan” means an urban renewal plan that provides for a division of ad valorem property taxes as described under ORS 457.420 to 457.460 adopted by ordinance before December 6, 1996, that:

(A) Except for an amendment made on account of ORS 457.190 (3) and subject to paragraph (b) of this subsection, is not changed by substantial amendment, as described in ORS 457.085 (2)(i)(A) or (B), on or after December 6, 1996; and

(B) For tax years beginning on or after July 1, 1998, includes the limit on indebtedness as described in ORS 457.190 (3).

(b) If, on or after July 1, 1998, the maximum limit on indebtedness (adopted by ordinance before July 1, 1998, pursuant to ORS 457.190) of an existing urban renewal plan is changed by substantial amendment, then “indebtedness issued or incurred to carry out the existing urban renewal plan” for purposes of ORS 457.435 includes only the indebtedness within the indebtedness limit adopted by ordinance under ORS 457.190 (3)(c) before July 1, 1998.

(6) “Fiscal year” means the fiscal year commencing on July 1 and closing on June 30.

(7) “Governing body of a municipality” means, in the case of a city, the common council or other legislative body thereof, and, in the case of a county, the board of county commissioners or other legislative body thereof.

(8) “Housing authority” or “authority” means any housing authority established pursuant to the Housing Authorities Law.

(9) “Increment” means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in an urban renewal area, or portion thereof, over the assessed value specified in the certified statement.

(10) “Maximum indebtedness” means the amount of the principal of indebtedness included in a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness.

(11) “Municipality” means any county or any city in this state. “The municipality” means the municipality for which a particular urban renewal agency is created.

(12) “Taxing body” or “taxing district” means the state, city, county or any other taxing unit which has the power to levy a tax.

(13) “Urban renewal agency” or “agency” means an urban renewal agency created under ORS 457.035 and 457.045.

(14) “Urban renewal area” means a blighted area included in an urban renewal plan or an area included in an urban renewal plan under ORS 457.160.

(15) "Urban renewal project" or "project" means any work or undertaking carried out under ORS 457.170 in an urban renewal area.

(16) "Urban renewal plan" or "plan" means a plan, as it exists or is changed or modified from time to time for one or more urban renewal areas, as provided in ORS 457.085, 457.095, 457.105, 457.115, 457.120, 457.125, 457.135 and 457.220.

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.....M,....., 2009

Approved:

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Chief Clerk of House

.....M,....., 2009

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Speaker of House

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Governor

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Filed in Office of Secretary of State:

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President of Senate

.....M,....., 2009

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Secretary of State