

**SB 431 B STAFF MEASURE SUMMARY****Carrier:** Sen. Taylor**Senate Committee On Finance and Revenue****Action Date:** 05/23/19**Action:** Do pass with amendments. (Printed B-Eng.)**Vote:** 4-0-1-0**Yeas:** 4 - Bentz, Boquist, Hass, Taylor**Exc:** 1 - Riley**Fiscal:** Fiscal impact issued**Revenue:** Revenue impact issued**Prepared By:** Jaime McGovern, Economist**Meeting Dates:** 4/25, 5/21, 5/23**WHAT THE MEASURE DOES:**

Creates a new taxing structure and district to replace the current system of taxing districts for levees and watershed areas in Multnomah County. Creates urban flood safety and water quality district in portion of Multnomah County within urban growth boundary adopted by Metro, for purposes of managing and improving levee system, drainage and natural areas acquiring, purchasing, constructing, improving, operating and maintaining infrastructure in order to provide for flood safety and contribute to water quality, floodplain restoration and habitat and landscape resilience. Provides for selection of board of directors. Sets forth powers and duties of district and district board. Authorizes district board to impose charges, assessments and taxes and issue bonds. Authorizes district board to dissolve certain drainage districts and water improvement corporations. Requires urban flood safety and water quality district to assume dissolved entity's duties, assets and liabilities.

**ISSUES DISCUSSED:**

- Group of stakeholders which have been involved in developing this bill.
- Economic activity which sits behind the levees.
- Federal accreditation required for insurance.
- Funding structure will be created by District Board created.
- Current assessment on per acre basis.
- Businesses that are in the managed floodplain.
- Proposed governance structure.
- Climate change impacts.
- The evolution of the current drainage districts and levees
- difficulties of the four drainage districts working in sync.
- failures in the levee districts and its effects on Hurricane Katrina.

**EFFECT OF AMENDMENT:**

Technical changes describing impervious materials. Adjusts composition of board. Conforming language of compliance and engineering requirements. Adjusts conforming language regarding taxation, bond issuance, and voter approval

**BACKGROUND:**

Multnomah County Drainage District #1 (MCDD), Peninsula Drainage District #1 (PEN 1), and Peninsula Drainage District #2 (PEN 2) are drainage districts formed under ORS Chapter 547. They are also special districts subject to ORS Chapter 198. Drainage districts also obtain authority under ORS Chapter 548, which applies to both drainage districts and irrigation districts.

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Drainage district assessments are considered property taxes subject to Oregon Measure 5, but they are not ad-valorem property taxes as they are assessed based on acreage and not property value. As such, the drainage district assessments are not subject to Measure 50 because it only applies to ad-valorem property taxes. The Sandy Drainage Improvement Company (SDIC) was an ORS 547 drainage district until 1997 until they became a drainage improvement company under ORS Chapter 554 in 1993.

SB 431 would create an Urban Flood & Water Quality District with the authority to construct, operate, and maintain flood management infrastructure, respond to flood emergencies, and contribute to water quality, habitat, and landscape resiliency in the managed floodplain.

The district boundary is tied to Multnomah County within the Urban Growth Boundary (UGB) as set by Metro, which reflects the area where the greatest economic benefit is experienced due to the activity and infrastructure made possible by the levee system.