

# Senate Bill 43

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## 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 **as introduced**.

Decreases earliest time for collection of delinquent property taxes from one year to three months.

Declares counties may enter into contracts with private law firms to collect delinquent property taxes. Prohibits private law firms acting as county tax collectors from recovering attorney fees that are in addition to penalty imposed by county.

Decreases earliest time for foreclosure of property tax liens from three years from date of delinquency to one year from date of delinquency.

Permits taxpayers to petition Director of Department of Revenue to delay foreclosure for up to one year for serious hardship. Defines "serious hardship." Requires taxpayers applying for delay of foreclosure for serious hardship to pay one-half of amount owing when application is filed.

Decreases redemption period for real property sold to county from two years to 180 days. Retains two-year redemption period if property sold to county is homestead or qualifies for farm use special assessment.

For purposes of calculation of State School Fund distribution to school districts and education service districts, excludes from local revenues specified increase in local revenue that is used for capital construction. Sunsets exclusion on July 1, 2010.

Applies to property taxes that are delinquent on or after effective date of Act.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to property taxes; creating new provisions; amending ORS 306.113, 311.545, 311.547, 311.610,  
3 312.005, 312.010, 312.020, 312.050, 312.120, 312.125, 312.200, 312.230, 312.260, 327.013 and 327.019;  
4 and prescribing an effective date.

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

6 **SECTION 1. (1) The governing body of a county may contract with a private attorney li-**  
7 **censed to practice law in this state to represent the county in enforcing the collection of**  
8 **delinquent property taxes, penalties, interest, special assessments, fees or other charges.**

9 **(2) The county shall pay a private attorney with whom the county has contracted under**  
10 **this section an amount equal to 20 percent of the amount of the delinquent taxes, penalties,**  
11 **interest, special assessments, fees or other charges collected by the attorney.**

12 **(3) A private attorney acting within the scope of the contract described in this section**  
13 **or a person who is the private attorney's employee or agent acting within the scope of the**  
14 **contract is an employee or agent of the county for purposes of ORS 30.260 to 30.300.**

15 **SECTION 2. (1) The governing body of a county shall provide that real property taxes,**  
16 **penalties, interest, special assessments, fees or other charges still delinquent on November**  
17 **15 of the year following the year of assessment and personal property taxes, penalties, in-**  
18 **terest, special assessments, fees or other charges still delinquent on the earlier of November**  
19 **15 or 180 days after a warrant has been recorded in the year following the year of assessment**  
20 **incur a penalty in the amount of 20 percent of the delinquent taxes, penalties, interest, spe-**  
21 **cial assessments, fees or other charges owed.**

**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       **(2) A private attorney may not recover attorney fees in an action to collect delinquent**  
 2 **property taxes subject to the penalty.**

3       **(3) A penalty imposed under this section is secured by a lien on the property that secures**  
 4 **the tax.**

5       **SECTION 3.** (1) As used in this section, “serious hardship” means a situation where an  
 6 extraordinary circumstance beyond the control of the person has caused extreme financial  
 7 difficulty that prevents the person from paying delinquent property taxes, penalties, interest,  
 8 special assessments, fees or other charges on the property of the person by the date sched-  
 9 uled for the commencement of foreclosure proceedings.

10       **(2) Any person may apply to the Director of the Department of Revenue or the designee**  
 11 **of the director to delay for up to one year the commencement of proceedings to foreclose a**  
 12 **county tax lien on the property of the person on the grounds of serious hardship. The person**  
 13 **must apply for the delay prior to the expiration date of the period of redemption under ORS**  
 14 **312.120. The application must contain the following:**

15       **(a) A statement of serious hardship; and**

16       **(b) Payment of an amount equal to one-half of the delinquent taxes, interest and penalty**  
 17 **owing at the time of the filing of the application.**

18       **(3)(a) If the director finds good and sufficient cause that a postponement of foreclosure**  
 19 **proceedings should be granted due to serious hardship, the director shall send a written de-**  
 20 **cision to the tax collector of the county in which the property is located. The decision shall**  
 21 **specify the date that the county may commence proceedings to foreclose the tax lien on the**  
 22 **property. The tax collector shall postpone foreclosure proceedings on the property of the**  
 23 **applicant for the period of time specified in the decision. The tax collector shall notify the**  
 24 **taxpayer in writing of the decision.**

25       **(b) If the application is granted, the notice shall specify the date that the county may**  
 26 **commence proceedings to foreclose the tax lien on the property.**

27       **SECTION 4.** ORS 306.113 is amended to read:

28       306.113. The Legislative Assembly finds that for the property tax system to function appropri-  
 29 ately it is essential that administration, **including the collection of delinquent property taxes,**  
 30 be results-based, innovative and efficient. Any direction to, or review of, county administration by  
 31 the State of Oregon shall carry out this finding.

32       **SECTION 5.** ORS 311.545 is amended to read:

33       311.545. (1) As soon as practicable after taxes become delinquent each year, the tax collector  
 34 shall send to each person, firm or corporation shown on the tax roll as owning real property on  
 35 which the taxes due and charged have not been paid, a written notice, stating:

36       **(a) A brief description of each parcel of real property.**

37       **(b) The total amount of taxes due and delinquent on the real property.**

38       **(c) The rate of interest [and penalties] applicable [thereto] to the delinquent taxes.**

39       **(d) The date on or after which foreclosure proceedings may be commenced as provided by law.**

40       **(e) That delinquent taxes, penalties, interest, special assessments, fees or other charges**  
 41 **may be referred to a private attorney for collection.**

42       **(f) That if the county has elected to refer delinquent taxes, penalties, interest, special**  
 43 **assessments, fees or other charges to a private attorney for collection, the taxes, penalties,**  
 44 **interest, special assessments, fees or other charges still delinquent on November 15 of the**  
 45 **year following the year of assessment will incur a penalty equal to 20 percent of the amounts**

1 **owed.**

2 (2) The tax collector shall send the notice, in each instance, by letter mail to the last-known  
 3 address of the person, firm or corporation shown on the tax roll, or otherwise reported to the tax  
 4 collector, as owing the delinquent taxes.

5 (3) This section does not apply where the amount of the taxes delinquent against any particular  
 6 parcel of real property is less than \$1.

7 **SECTION 6.** ORS 311.547 is amended to read:

8 311.547. After any installment of personal property taxes becomes delinquent, and from time to  
 9 time thereafter at the discretion of the tax collector, the tax collector shall as soon as practicable  
 10 send to each person, firm or corporation in whose name personal property is shown on the tax roll  
 11 and on which the taxes due and charged have not been paid, a written notice stating:

12 (1) The total amount of taxes due and delinquent;

13 (2) The date of delinquency;

14 (3) The rate of interest applicable thereto;

15 (4) The date interest begins to run; *[and]*

16 (5) The date on or after which property will be distrained or a warrant served as provided by  
 17 law[.];

18 **(6) That delinquent taxes, penalties, interest, special assessments, fees or other charges**  
 19 **may be referred to a private attorney for collection; and**

20 **(7) That if the county has elected to refer delinquent taxes, penalties, interest, special**  
 21 **assessments, fees or other charges to a private attorney for collection, the taxes, penalties,**  
 22 **interest, special assessments, fees or other charges still delinquent on the earlier of No-**  
 23 **vember 15 or 180 days after a warrant has been recorded in the year following the year of**  
 24 **assessment will incur a penalty equal to 20 percent of the amounts owed.**

25 **SECTION 7.** ORS 311.610 is amended to read:

26 311.610. (1) Promptly after a period of 30 days has elapsed from the date any tax on personal  
 27 property has become delinquent (or within *[such]* **the 30-day** period, at the tax collector's dis-  
 28 cretion), the tax collector shall issue a warrant to enforce payment thereof.

29 (2) The warrant shall contain:

30 (a) The name of the person owning the personal property[,] or having possession or control  
 31 *[thereof]* **of the personal property.**

32 (b) The description of the property as it appears either in the assessment or tax roll.

33 (c) The year or years for which the taxes are delinquent.

34 (d) The principal amount of the delinquent taxes for each year and the interest accrued to the  
 35 date of issuance of *[such]* **the** warrant.

36 (e) A statement to the effect that immediately after service of the warrant, if the delinquent  
 37 taxes and interest and costs of service are not paid, the warrant or a duplicate thereof will be re-  
 38 corded with the county clerk for entry in the County Clerk Lien Record of the county.

39 **(f) A statement to the effect that an account with a warrant still outstanding on the**  
 40 **earlier of November 15 or 180 days after recordation in the year following the year of as-**  
 41 **essment shall incur a penalty of 20 percent of the delinquent taxes, penalties, interest,**  
 42 **special assessments, fees or other charges.**

43 (3) The tax collector shall prepare a list of all *[such]* warrants **issued under this section.**

44 (4) Where the tax collector has begun or completed proceedings under ORS 311.640, the tax  
 45 collector need not issue a warrant unless the tax collector ascertains that *[such]* **the** proceedings

1 will not result in the collection of the full tax.

2 **SECTION 8.** ORS 312.005 is amended to read:

3 312.005. As used in this chapter, unless the context requires otherwise, "district attorney" [*shall*  
4 *include*] **includes** county counsel appointed pursuant to ORS 203.145 **or a private attorney under**  
5 **contract with the county to collect delinquent property taxes pursuant to section 1 of this**  
6 **2007 Act.**

7 **SECTION 9.** ORS 312.010 is amended to read:

8 312.010. (1) Except as otherwise provided by law, real property within this state is subject to  
9 foreclosure for delinquent taxes whenever [*three years have*] **one year has** elapsed from the earliest  
10 date of delinquency of taxes levied and charged [*thereon*] **on the real property.**

11 (2) All special assessments, fees or other charges charged against the property subject to fore-  
12 closure [*which*] **that** are due and unpaid for any year or years for which ad valorem taxes are de-  
13 linquent and for which there is no other provision of law for their payment out of the foreclosure  
14 proceeding, shall be listed with the delinquent ad valorem taxes in the foreclosure proceedings and  
15 foreclosed and collected as a part of [*such*] **the** proceedings in the same manner as the delinquent  
16 ad valorem taxes. In any event, if [*three years have*] **one year has** elapsed since the special as-  
17 sessment, fee or **other** charge has been placed on the tax roll for collection and the **special** as-  
18 sessment, fee or **other** charge remains unpaid, [*it*] **the special assessment, fee or other charge**  
19 may be included in the next foreclosure proceeding and foreclosed and collected as part of [*such*]  
20 **the** proceeding.

21 **SECTION 10.** ORS 312.020 is amended to read:

22 312.020. (1) The Department of Revenue shall have general supervision and control over tax  
23 foreclosure proceedings under ORS 312.010 to 312.120 and 312.130 to 312.240 to the end that [*such*]  
24 **tax foreclosure** proceedings shall be conducted in a uniform and orderly manner in all counties of  
25 the state.

26 (2) Whenever [*any district attorney*] **a county** fails to institute or complete foreclosure pro-  
27 ceedings in the manner required by this chapter, the department may call upon the Attorney Gen-  
28 eral to institute or complete [*such*] **the** proceedings. For this purpose, the Attorney General shall  
29 have the same powers and authority as a district attorney under this chapter. All costs incurred by  
30 the Attorney General shall be borne by the county in which the foreclosure proceedings are under-  
31 taken. Upon presentation by the Attorney General to the county governing body of a certified,  
32 itemized statement of costs, the governing body shall order payment to the Attorney General out  
33 of any available funds of the county. If no payment is made within 30 days thereafter, the Attorney  
34 General shall submit to the Secretary of State a certified, itemized statement of [*such*] **the** costs and  
35 the Attorney General shall be reimbursed upon the order of the Secretary of State to the State  
36 Treasurer, from the county's share of the state's cigarette and liquor revenues.

37 **SECTION 11.** ORS 312.050 is amended to read:

38 312.050. (1) On the day [*which*] **that** is three months after the day of delinquency of taxes [*of the*  
39 *latest year*], the tax collector, with the assistance of the district attorney, shall institute proceedings  
40 to foreclose the liens for all the delinquent taxes against each of the several properties included in  
41 the foreclosure list.

42 (2) One general proceeding shall be brought on the part of the county to foreclose the tax liens  
43 against each of the properties included in the foreclosure list. The person whose name appears in  
44 the latest tax roll as the owner of any property therein described shall be considered and treated  
45 as the owner of the property. Each [*such*] **foreclosure** proceeding shall be a proceeding in rem

1 against the property itself. If in any tax roll it appears that the owner of any property is unknown,  
2 then *[such]* **the** property shall be proceeded against as belonging to an unknown owner.

3 **SECTION 12.** ORS 312.120 is amended to read:

4 312.120. (1)(a) Except as provided in **subsection (2) of this section and** ORS 312.122, *[all real*  
5 *properties]* **real property** sold to the county under ORS 312.100[,] shall be held by the county for the  
6 period of *[two years]* **180 days** from and after the date of the judgment of foreclosure, unless sooner  
7 redeemed.

8 *[(2)]* **(b)** During the *[two-year period]* **180-day period provided in paragraph (a) of this sub-**  
9 **section,** any person having an interest in the property at the date of the judgment of foreclosure,  
10 or any heir or devisee of *[such]* **the** person, or any person holding a lien of record on the property,  
11 or any municipal corporation having a lien on the property, may redeem the property by payment  
12 of the full amount applicable to the property under the judgment, **including any penalty imposed**  
13 **under section 2 of this 2007 Act,** with interest thereon as provided by law, plus *[a]* **an additional**  
14 **penalty of five percent of the total amount applicable to the property under the judgment and a fee**  
15 **as specified under subsection (5) of this section. The penalty of five percent and fee shall be in lieu**  
16 **of all costs chargeable against the property in connection with the foreclosure proceeding. The fee**  
17 **shall be used to defray the costs, among other costs, incurred by the county to provide the notices**  
18 **of redemption period expiration to lienholders and others required under ORS 312.125.**

19 **(2)(a) Except as provided in ORS 312.122, real property sold to the county under ORS**  
20 **312.100 that, on the date of the judgment of foreclosure, was a homestead as defined in ORS**  
21 **310.800 or was qualified for a farm use special assessment under ORS 308A.050 to 308A.128**  
22 **shall be held by the county for the period of two years from and after the date of the judg-**  
23 **ment of foreclosure, unless sooner redeemed.**

24 **(b) During the two-year period provided in paragraph (a) of this subsection, a person**  
25 **having an interest in the property at the date of the judgment of foreclosure, or any heir**  
26 **or devisee of the person, or any person holding a lien of record on the property, or any mu-**  
27 **nicipal corporation having a lien on the property, may redeem the property by payment of**  
28 **the full amount applicable to the property under the judgment, including any penalty imposed**  
29 **under section 2 of this 2007 Act, with interest thereon as provided by law, plus an additional**  
30 **penalty of five percent of the total amount applicable to the property under the judgment**  
31 **and a fee as specified under subsection (5) of this section. The penalty of five percent and fee**  
32 **shall be in lieu of all costs chargeable against the property in connection with the foreclosure**  
33 **proceeding. The fee shall be used to defray the costs, among other costs, incurred by the**  
34 **county to provide the notices of redemption period expiration to lienholders and others re-**  
35 **quired under ORS 312.125.**

36 (3) Property *[so]* redeemed **under this section** shall be subject to assessment for taxation during  
37 the period of redemption, as though *[it]* **the property** had continued in private ownership.

38 (4) Any person holding a mortgage or other lien of record covering a part only of a particular  
39 parcel of real property included in the judgment of foreclosure may redeem *[such]* **the** part by pay-  
40 ment of the proportionate amount applicable thereto under the judgment.

41 (5) The fee specified by this subsection is as follows:

42 (a) If the property is redeemed before the date the notice by certified mail required by ORS  
43 312.125 is given, \$50.

44 (b) If the property is redeemed on or after the date the notice by certified mail required by ORS  
45 312.125 is given, the greater of \$50 or the actual cost to the county for a title search and other

1 expenses related to obtaining a title search.

2 **SECTION 13.** ORS 312.125 is amended to read:

3 312.125. (1) Not less than *[one year]* **180 days** prior to the expiration of the period of redemption  
4 of any real property ordered sold to the county under a judgment under ORS 312.100, the tax col-  
5 lector shall provide notice of the expiration of the period of redemption to any person or entity  
6 entitled to redeem the property under ORS 312.120 *[(2)]* whose interest appears in the records of the  
7 county as of the date foreclosure proceedings were instituted. Any person or entity whose interest  
8 has terminated by any means other than a judgment of foreclosure under ORS 312.120 *[shall not*  
9 *be]* **is not** entitled to *[such]* notice.

10 (2) The notice shall contain:

11 (a) The date of the judgment;

12 (b) The date of expiration of the period of redemption;

13 (c) Warning to the effect that the property ordered sold under the judgment, unless sooner re-  
14 deemed, will be deeded to the county immediately on expiration of the period of redemption and that  
15 every right or interest of any person in the property will be forfeited forever to the county;

16 (d) A legal description of the property and a tax account number; and

17 (e) The name of the owner as it appears on the latest tax roll.

18 (3) The notice required to be given under *[subsections (1) and (2) of]* this section shall be given  
19 by both certified mail and by regular first class mail and subsections (4) and (5) of this section shall  
20 apply to both mailings.

21 (4)(a) If the notice required under *[subsections (1) and (2) of]* this section is *[to be]* given to an  
22 owner, the notice shall be addressed to the owner or owners, as reflected in the county records of  
23 deeds, at the true and correct address of the owner as appearing on the instrument of conveyance  
24 under ORS 93.260 or as furnished under ORS 311.555 or as otherwise ascertained by the tax collec-  
25 tor pursuant to ORS 311.560.

26 (b) If the **notice required to be given under this section is given to a person or entity** *[to*  
27 *whom the notice is required under subsection (1) of this section to be given]* **that** is a lienholder, or  
28 **a person or entity other than the owner**, *[having or appearing]* **that has or appears** to have a lien  
29 or other interest in the property, the notice shall be addressed to the lienholder, person or entity  
30 at the address *[which]* **that** the tax collector knows or *[after reasonable inquiry,]* has reason to be-  
31 lieve *[to be the address at which]* **after reasonable inquiry is the address where** the lienholder,  
32 person or entity will most likely receive actual notice. For the convenience of the county, any lien,  
33 instrument or other document, memorandum or writing, filed on or after September 27, 1987, that  
34 creates an interest with respect to which notice is required to be given under this paragraph, shall  
35 contain:

36 (A) The address of the person or entity holding lien or other interest created by the instrument  
37 or other document, memorandum or writing; and

38 (B) The tax account number, if any, and if known, of the property subject to the lien or in which  
39 the interest is created.

40 (5) Failure of a lien, instrument or other document, memorandum or other writing to contain the  
41 address and tax account number information required under subsection (4)(b) of this section does  
42 not invalidate the lien, instrument or other document, memorandum or writing, nor *[shall]* **does** the  
43 failure of the writing to contain the information relieve the tax collector of the duty to obtain and  
44 mail the notice required under subsection (4)(b) of this section to the address that the tax collector  
45 believes *[to be the address at which]* **is the address where** the lienholder, person or entity is most

1 likely to receive actual notice.

2 (6) For purposes of subsection (4)(b) of this section, if the lienholder is a corporation or a limited  
3 partnership, the tax collector [*shall be considered to have*] **has** made reasonable inquiry if the notice  
4 is mailed to the registered agent or last registered office of the corporation or limited partnership,  
5 if any, as shown by the records on file in the office of the Corporation Commissioner, or if the  
6 corporation or limited partnership is not authorized to transact business in this state, to the prin-  
7 cipal office or place of business of the corporation or limited partnership.

8 (7)(a) As used in this section, “records of the county” means the following:

9 (A) The grantor-grantee indexes.

10 (B) Other records of deeds, mortgages, powers of attorney, contracts and other instruments,  
11 documents or memorandum of conveyance or otherwise of real property that are described in ORS  
12 205.130 (1) and (2).

13 (C) The County Clerk Lien Record described in ORS 205.130 (3).

14 (D) Records of federal tax liens and other liens, instruments or other documents or writings  
15 reflecting an interest in real property described in ORS 205.246, if those records are kept separately  
16 from the records described in paragraph (b) of this subsection.

17 (E) Records of statutory liens on real property described in ORS 87.372.

18 (F) Any other records of interests in real property required to be kept by the county clerk, if  
19 the records contain a legal description of the property and an address specifically designated as  
20 indicated on the instrument, document or other memorandum or writing for purposes of mailing the  
21 notice required by this section.

22 (b) For purposes of this section only, “records of the county” includes:

23 (A) The appropriate records of the courts described in ORS 7.010 in the custody of the clerk of  
24 the appropriate court or court administrator under ORS 7.110; and

25 (B) Probate records in the custody of the clerk of the appropriate court or court administrator  
26 under ORS 7.230 and 7.240. Notwithstanding any provision to the contrary in ORS chapter 7 or other  
27 law, the clerk of the appropriate court or the court administrator shall make available to and assist  
28 the tax collector in the examination of the records described in this paragraph for purposes of car-  
29 rying out the obligations of the tax collector under this section without charge.

30 **SECTION 14.** ORS 312.200 is amended to read:

31 312.200. The properties not redeemed within the [*two-year period*] **redemption periods** pre-  
32 scribed by ORS 312.120 **or 312.122** shall be deeded to the county by the tax collector. All rights of  
33 redemption, with respect to the real properties therein described, [*shall*] terminate on the execution  
34 of the deed to the county. [*No*] **A** return or confirmation of the sale or deed to the county is **not**  
35 required or necessary.

36 **SECTION 15.** ORS 312.230 is amended to read:

37 312.230. (1) Every action, suit or proceeding, commenced for the purpose of determining the va-  
38 lidity of a sale of real property on foreclosure for delinquent taxes, or to quiet title against such  
39 sale, or to remove the cloud thereof, or to recover possession of the property, shall be commenced:

40 (a) Within two years from the date of the judgment of foreclosure and sale to the county, **if the**  
41 **property, on the date of foreclosure, is a homestead as defined in ORS 310.800 or is qualified**  
42 **for a farm use special assessment under ORS 308A.050 to 308A.128; or**

43 (b) **Within 180 days from the date of the judgment of foreclosure and sale to the county**  
44 **for all other property.**

45 (2) Notwithstanding any other provisions of law, in every such action, suit or proceeding any

1 person claiming to be the owner of the property, as against the county or grantee, shall pay into  
 2 court with the first pleading the amount charged against the property in the judgment of foreclo-  
 3 sure, plus the amount or amounts that would otherwise have been assessed and levied against said  
 4 property as taxes from the date of the said judgment to the time of the filing of such action, suit  
 5 or proceeding, together with any penalties and interest that would have accrued thereon as by  
 6 statute provided. In every such action, suit or proceeding any person claiming to be the owner of  
 7 the property as against any person holding title from the county, shall pay into court with the first  
 8 pleading the amount charged against the property in the judgment of foreclosure, together with in-  
 9 terest thereon at the rate of six percent per year from the date of the judgment to the date of filing  
 10 the pleading.

11 (3) For all purposes this section shall be construed as a statute of prescription as well as a  
 12 statute of limitation.

13 **SECTION 16.** ORS 312.260 is amended to read:

14 312.260. (1) **As used in this section, "rightful owner" means the owner, devisee, benefici-**  
 15 **ary, heir, creditor or other person having a lawful interest in the lands.**

16 [(1)] (2) If the title to lands acquired by any county by tax foreclosure was fraudulently con-  
 17 cealed from the rightful owner[, *devisee, beneficiary, heir, creditor or other person having an interest*  
 18 *therein,*] or was unlawfully obtained, held or controlled by or through fraudulent conveyance or  
 19 other fraud, without knowledge on the part of [*such person, such person shall be*] **the rightful**  
 20 **owner, the rightful owner is** entitled to a conveyance of the lands by purchase from the county  
 21 by a purchase agreement provided in ORS 275.190 (1) at a price equivalent to the delinquent taxes  
 22 [*thereon*], with interest and without personal property taxes charged against the land, including  
 23 lands of which the wrongdoer is owner of record or assignee of owners of record impressed with a  
 24 trust for the benefit of [*such person*] **the rightful owner** or deeded or assigned to [*such person*] **the**  
 25 **rightful owner** by the wrongdoer pursuant to any suit, action, proceeding or settlement respecting  
 26 the fraudulent concealment or unlawful holding or control.

27 [(2)] (3) [*Such person*] **The rightful owner** may cause to be filed with the county clerk of the  
 28 county at any time while the title to [*any such*] **the** lands is held by the county, written notice of  
 29 intention to purchase the lands or any part thereof under this section, describing the lands. The  
 30 notice shall be acknowledged and recorded in the deed records and a copy thereof served upon the  
 31 [*district attorney of the*] county. The purchase of the land shall be completed by cash or execution  
 32 of the agreement within one year from the filing of the notice or the final determination of the suit,  
 33 action, or proceeding.

34 [(3)] (4)(a) **Except as provided in paragraph (b) of this subsection,** this section [*shall*] **does**  
 35 not apply to or affect the title to [*any such*] lands dedicated to public use or conveyed by the county  
 36 prior to the filing of the notice[, *but shall apply to lands sold by the county to an innocent purchaser*  
 37 *under contract, in which case such person succeeds to the interest of the county in the contract subject*  
 38 *to the rights of the innocent contract purchaser*].

39 **(b) This section applies to lands sold by the county to an innocent purchaser under con-**  
 40 **tract. When lands are sold under this section by the county to an innocent purchaser, the**  
 41 **rightful owner succeeds to the interest of the county in the contract.**

42 **SECTION 17.** ORS 327.013, as amended by section 2, chapter 4, Oregon Laws 2006, is amended  
 43 to read:

44 327.013. The State School Fund distributions for school districts shall be computed as follows:

45 (1) General Purpose Grant = Funding Percentage × Target Grant × District extended ADMw.



1 (2) The funding percentage shall be calculated by the Superintendent of Public Instruction to  
 2 distribute as nearly as practicable the total sum available for distribution of money.

3 (3) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor.

4 (4) Statewide Target per ADMw Grant = \$4,500.

5 (5) Teacher Experience Factor =  $\$25 \times \{\text{District average teacher experience} - \text{statewide av-}$   
 6  $\text{erage teacher experience}\}$ . "Average teacher experience" means the average, in years, of teaching  
 7 experience of certified teachers as reported to the Department of Education.

8 (6) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater.

9 (7)(a) Weighted average daily membership or ADMw = average daily membership + an addi-  
 10 tional amount computed as follows:

11 (A) 1.0 for each student in average daily membership eligible for special education as a child  
 12 with disabilities under ORS 343.035, applicable to not to exceed 11 percent of the district's ADM  
 13 without review and approval of the Department of Education. Children with disabilities eligible for  
 14 special education in adult local correctional facilities as defined in ORS 169.005 or adult regional  
 15 correctional facilities as defined in ORS 169.620 may not be included in the calculation of the 11  
 16 percent.

17 (B) 0.5 for each student in average daily membership eligible for and enrolled in an English as  
 18 a second language program under ORS 336.079.

19 (C) 0.2 for each student in average daily membership enrolled in a union high school district or  
 20 in an area of a unified school district where the district is only responsible for educating students  
 21 in grades 9 through 12 in that area.

22 (D) -0.1 for each student in average daily membership enrolled in an elementary district oper-  
 23 ating kindergarten through grade 6 or kindergarten through grade 8 or in an area of a unified  
 24 school district where the district is only responsible for educating students in kindergarten through  
 25 grade 8.

26 (E) 0.25 times the sum of the following:

27 (i) The number of children 5 to 17 years of age in poverty families in the district, as determined  
 28 by the Department of Education from a report of the federal Department of Education based on the  
 29 most recent federal decennial census, as adjusted by the school district's proportion of students in  
 30 the county receiving free or reduced price lunches under the United States Department of Agricul-  
 31 ture's current Income Eligibility Guidelines if the number is higher than the number determined  
 32 from census data and only if the school district had an average daily membership of 2,500 or less  
 33 for the 1995-1996 school year, and as further adjusted by the number of students in average daily  
 34 membership in June of the year of distribution divided by number of students in average daily  
 35 membership in the district, or its predecessors, in June of the year of the most recent federal  
 36 decennial census;

37 (ii) The number of children in foster homes in the district as determined by the report of the  
 38 Department of Human Services to the federal Department of Education, "Annual Statistical Report  
 39 on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess of the  
 40 Poverty Income Level," or its successor, for October 31 of the year prior to the year of distribution;  
 41 and

42 (iii) The number of children in the district in state-recognized facilities for neglected and delin-  
 43 quent children, based on information from the Department of Human Services for October 31 of the  
 44 year prior to the year of distribution.

45 (F) An additional amount as determined by ORS 327.077 shall be added to the ADMw for each

1 remote small elementary school and for each small high school in the district.

2 (G) All numbers of children used for the computation in this section must reflect any district  
3 consolidations that have occurred since the numbers were compiled.

4 (b) The total additional weight that shall be assigned to any student in average daily member-  
5 ship in a district, exclusive of students described in paragraph (a)(E) and (F) of this subsection shall  
6 not exceed 2.0.

7 (8) High cost disabilities grant = the total amount received by a school district under ORS  
8 327.348, for providing special education and related services to resident pupils with disabilities.

9 (9)(a) Transportation grant equals:

10 (A) 70 percent of approved transportation costs for those school districts ranked below the 80th  
11 percentile under paragraph (b) of this subsection.

12 (B) 80 percent of approved transportation costs for those school districts ranked in or above the  
13 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

14 (C) 90 percent of approved transportation costs for those school districts ranked in or above the  
15 90th percentile under paragraph (b) of this subsection.

16 (b) Each fiscal year, the Department of Education shall rank school districts based on the ap-  
17 proved transportation costs per ADM of each school district, ranking the school district with the  
18 highest approved transportation costs per ADM at the top of the order.

19 (10) Local Revenues are the total of the following:

20 (a) The amount of revenue offset against local property taxes as determined by the Department  
21 of Revenue under ORS 311.175 (3)(a)(A);

22 (b) The amount of property taxes actually received by the district including penalties and in-  
23 terest on taxes;

24 (c) The amount of revenue received by the district from the Common School Fund under ORS  
25 327.403 to 327.410;

26 (d) The amount of revenue received by the district from the county school fund;

27 (e) The amount of revenue received by the district from the 25 percent of federal forest reserve  
28 revenues required to be distributed to schools by ORS 294.060 (1);

29 (f) The amount of revenue received by the district from state managed forestlands under ORS  
30 530.115 (1)(b) and (c);

31 (g) Moneys received in lieu of property taxes;

32 (h) Federal funds received without specific application by the school district and which are not  
33 deemed under federal law to be nonsupplantable;

34 (i) Any positive amount obtained by subtracting the operating property taxes actually imposed  
35 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would  
36 have been imposed by the district if the district had certified the maximum rate of operating prop-  
37 erty taxes allowed by law; and

38 (j) Any amount distributed to the district in the prior fiscal year under [section 4 (3), chapter 695,  
39 Oregon Laws 2001, or] ORS 327.019 (8).

40 (11) Notwithstanding subsection (10) of this section, Local Revenues do not include:

41 (a) If a school district imposes local option taxes pursuant to ORS 280.040 to 280.145, an amount  
42 equal to the lesser of:

43 (A) The amount of revenue actually received by the district from local option taxes imposed  
44 pursuant to ORS 280.040 to 280.145;

45 (B) Fifteen percent of the combined total for the school district of the general purpose grant,

1 the transportation grant, the facility grant and the high cost disabilities grant of the district; or

2 (C) \$750 per district extended ADMw; [and]

3 (b) For a school district with a statutory rate limit on July 1, 2003, that is greater than \$4.50  
 4 per \$1,000 of assessed value, the amount of property taxes actually received by the district, includ-  
 5 ing penalties and interest on taxes, that results from an increase in the rate of ad valorem property  
 6 tax of the district allowed under section 11 (5)(d), Article XI of the Oregon Constitution; **and**

7 **(c) The amount of property taxes actually received by a school district, including penal-**  
 8 **ties and interest on taxes, that:**

9 **(A) Is used for capital construction; and**

10 **(B) Exceeds 110 percent of the amount of property taxes actually received by the district,**  
 11 **including penalties and interest on taxes, during the fiscal year beginning July 1, 2006.**

12 (12)(a) Facility Grant = 8 percent of total construction costs of new school buildings.

13 (b) A school district shall receive a Facility Grant in the distribution year that a new school  
 14 building is first used.

15 (c) As used in this subsection:

16 (A) "New school building" includes new school buildings, adding structures onto existing school  
 17 buildings and adding premanufactured structures to a school district if those buildings or structures  
 18 are to be used for instructing students.

19 (B) "Construction costs" does not include costs for land acquisition.

20 (13) Notwithstanding subsection (10)(i) of this section, Local Revenues do not include any  
 21 amount of operating property tax authority of the district that is:

22 (a) Attributable to the suspension of ORS 310.239 by section 1, chapter 4, Oregon Laws 2006;  
 23 and

24 (b) Not actually imposed by the district.

25 **SECTION 18. The amendments to ORS 327.013 by section 17 of this 2007 Act apply to**  
 26 **State School Fund distributions commencing with the 2007-2008 distribution.**

27 **SECTION 19.** ORS 327.013, as amended by sections 2 and 4, chapter 4, Oregon Laws 2006, is  
 28 amended to read:

29 327.013. The State School Fund distributions for school districts shall be computed as follows:

30 (1) General Purpose Grant = Funding Percentage × Target Grant × District extended ADMw.

31 (2) The funding percentage shall be calculated by the Superintendent of Public Instruction to  
 32 distribute as nearly as practicable the total sum available for distribution of money.

33 (3) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor.

34 (4) Statewide Target per ADMw Grant = \$4,500.

35 (5) Teacher Experience Factor = \$25 × {District average teacher experience – statewide av-  
 36 erage teacher experience}. "Average teacher experience" means the average, in years, of teaching  
 37 experience of certified teachers as reported to the Department of Education.

38 (6) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater.

39 (7)(a) Weighted average daily membership or ADMw = average daily membership + an addi-  
 40 tional amount computed as follows:

41 (A) 1.0 for each student in average daily membership eligible for special education as a child  
 42 with disabilities under ORS 343.035, applicable to not to exceed 11 percent of the district's ADM  
 43 without review and approval of the Department of Education. Children with disabilities eligible for  
 44 special education in adult local correctional facilities as defined in ORS 169.005 or adult regional  
 45 correctional facilities as defined in ORS 169.620 may not be included in the calculation of the 11

1 percent.

2 (B) 0.5 for each student in average daily membership eligible for and enrolled in an English as  
3 a second language program under ORS 336.079.

4 (C) 0.2 for each student in average daily membership enrolled in a union high school district or  
5 in an area of a unified school district where the district is only responsible for educating students  
6 in grades 9 through 12 in that area.

7 (D) -0.1 for each student in average daily membership enrolled in an elementary district oper-  
8 ating kindergarten through grade 6 or kindergarten through grade 8 or in an area of a unified  
9 school district where the district is only responsible for educating students in kindergarten through  
10 grade 8.

11 (E) 0.25 times the sum of the following:

12 (i) The number of children 5 to 17 years of age in poverty families in the district, as determined  
13 by the Department of Education from a report of the federal Department of Education based on the  
14 most recent federal decennial census, as adjusted by the school district's proportion of students in  
15 the county receiving free or reduced price lunches under the United States Department of Agricul-  
16 ture's current Income Eligibility Guidelines if the number is higher than the number determined  
17 from census data and only if the school district had an average daily membership of 2,500 or less  
18 for the 1995-1996 school year, and as further adjusted by the number of students in average daily  
19 membership in June of the year of distribution divided by number of students in average daily  
20 membership in the district, or its predecessors, in June of the year of the most recent federal  
21 decennial census;

22 (ii) The number of children in foster homes in the district as determined by the report of the  
23 Department of Human Services to the federal Department of Education, "Annual Statistical Report  
24 on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess of the  
25 Poverty Income Level," or its successor, for October 31 of the year prior to the year of distribution;  
26 and

27 (iii) The number of children in the district in state-recognized facilities for neglected and delin-  
28 quent children, based on information from the Department of Human Services for October 31 of the  
29 year prior to the year of distribution.

30 (F) An additional amount as determined by ORS 327.077 shall be added to the ADMw for each  
31 remote small elementary school and for each small high school in the district.

32 (G) All numbers of children used for the computation in this section must reflect any district  
33 consolidations that have occurred since the numbers were compiled.

34 (b) The total additional weight that shall be assigned to any student in average daily member-  
35 ship in a district, exclusive of students described in paragraph (a)(E) and (F) of this subsection shall  
36 not exceed 2.0.

37 (8) High cost disabilities grant = the total amount received by a school district under ORS  
38 327.348, for providing special education and related services to resident pupils with disabilities.

39 (9)(a) Transportation grant equals:

40 (A) 70 percent of approved transportation costs for those school districts ranked below the 80th  
41 percentile under paragraph (b) of this subsection.

42 (B) 80 percent of approved transportation costs for those school districts ranked in or above the  
43 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

44 (C) 90 percent of approved transportation costs for those school districts ranked in or above the  
45 90th percentile under paragraph (b) of this subsection.

1 (b) Each fiscal year, the Department of Education shall rank school districts based on the ap-  
 2 proved transportation costs per ADM of each school district, ranking the school district with the  
 3 highest approved transportation costs per ADM at the top of the order.

4 (10) Local Revenues are the total of the following:

5 (a) The amount of revenue offset against local property taxes as determined by the Department  
 6 of Revenue under ORS 311.175 (3)(a)(A);

7 (b) The amount of property taxes actually received by the district including penalties and in-  
 8 terest on taxes;

9 (c) The amount of revenue received by the district from the Common School Fund under ORS  
 10 327.403 to 327.410;

11 (d) The amount of revenue received by the district from the county school fund;

12 (e) The amount of revenue received by the district from the 25 percent of federal forest reserve  
 13 revenues required to be distributed to schools by ORS 294.060 (1);

14 (f) The amount of revenue received by the district from state managed forestlands under ORS  
 15 530.115 (1)(b) and (c);

16 (g) Moneys received in lieu of property taxes;

17 (h) Federal funds received without specific application by the school district and which are not  
 18 deemed under federal law to be nonsupplantable;

19 (i) Any positive amount obtained by subtracting the operating property taxes actually imposed  
 20 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would  
 21 have been imposed by the district if the district had certified the maximum rate of operating prop-  
 22 erty taxes allowed by law; and

23 (j) Any amount distributed to the district in the prior fiscal year under [*section 4 (3), chapter 695,*  
 24 *Oregon Laws 2001, or*] ORS 327.019 (8).

25 (11) Notwithstanding subsection (10) of this section, Local Revenues do not include[.];

26 (a) If a school district imposes local option taxes pursuant to ORS 280.040 to 280.145, an amount  
 27 equal to the lesser of:

28 [(a)] (A) The amount of revenue actually [received by the district from local option taxes imposed  
 29 pursuant to ORS 280.040 to 280.145;

30 [(b)] (B) Fifteen percent of the combined total for the school district of the general purpose  
 31 grant, the transportation grant, the facility grant and the high cost disabilities grant of the district;  
 32 or

33 [(c)] (C) \$750 per district extended ADMw[.]; and

34 (b) **The amount of property taxes actually received by a school district, including penal-**  
 35 **ties and interest on taxes, that:**

36 (A) **Is used for capital construction; and**

37 (B) **Exceeds 110 percent of the amount of property taxes actually received by the district,**  
 38 **including penalties and interest on taxes, during the fiscal year beginning July 1, 2006.**

39 (12)(a) Facility Grant = 8 percent of total construction costs of new school buildings.

40 (b) A school district shall receive a Facility Grant in the distribution year that a new school  
 41 building is first used.

42 (c) As used in this subsection:

43 (A) "New school building" includes new school buildings, adding structures onto existing school  
 44 buildings and adding premanufactured structures to a school district if those buildings or structures  
 45 are to be used for instructing students.

1 (B) "Construction costs" does not include costs for land acquisition.

2 **SECTION 20. The amendments to ORS 327.013 by section 19 of this 2007 Act become op-**  
 3 **erative on July 1, 2009.**

4 **SECTION 21.** ORS 327.013, as amended by sections 2 and 4, chapter 4, Oregon Laws 2006, and  
 5 section 19 of this 2007 Act, is amended to read:

6 327.013. The State School Fund distributions for school districts shall be computed as follows:

7 (1) General Purpose Grant = Funding Percentage × Target Grant × District extended ADMw.

8 (2) The funding percentage shall be calculated by the Superintendent of Public Instruction to  
 9 distribute as nearly as practicable the total sum available for distribution of money.

10 (3) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor.

11 (4) Statewide Target per ADMw Grant = \$4,500.

12 (5) Teacher Experience Factor = \$25 × {District average teacher experience – statewide av-  
 13 erage teacher experience}. "Average teacher experience" means the average, in years, of teaching  
 14 experience of certified teachers as reported to the Department of Education.

15 (6) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater.

16 (7)(a) Weighted average daily membership or ADMw = average daily membership + an addi-  
 17 tional amount computed as follows:

18 (A) 1.0 for each student in average daily membership eligible for special education as a child  
 19 with disabilities under ORS 343.035, applicable to not to exceed 11 percent of the district's ADM  
 20 without review and approval of the Department of Education. Children with disabilities eligible for  
 21 special education in adult local correctional facilities as defined in ORS 169.005 or adult regional  
 22 correctional facilities as defined in ORS 169.620 may not be included in the calculation of the 11  
 23 percent.

24 (B) 0.5 for each student in average daily membership eligible for and enrolled in an English as  
 25 a second language program under ORS 336.079.

26 (C) 0.2 for each student in average daily membership enrolled in a union high school district or  
 27 in an area of a unified school district where the district is only responsible for educating students  
 28 in grades 9 through 12 in that area.

29 (D) -0.1 for each student in average daily membership enrolled in an elementary district oper-  
 30 ating kindergarten through grade 6 or kindergarten through grade 8 or in an area of a unified  
 31 school district where the district is only responsible for educating students in kindergarten through  
 32 grade 8.

33 (E) 0.25 times the sum of the following:

34 (i) The number of children 5 to 17 years of age in poverty families in the district, as determined  
 35 by the Department of Education from a report of the federal Department of Education based on the  
 36 most recent federal decennial census, as adjusted by the school district's proportion of students in  
 37 the county receiving free or reduced price lunches under the United States Department of Agricul-  
 38 ture's current Income Eligibility Guidelines if the number is higher than the number determined  
 39 from census data and only if the school district had an average daily membership of 2,500 or less  
 40 for the 1995-1996 school year, and as further adjusted by the number of students in average daily  
 41 membership in June of the year of distribution divided by number of students in average daily  
 42 membership in the district, or its predecessors, in June of the year of the most recent federal  
 43 decennial census;

44 (ii) The number of children in foster homes in the district as determined by the report of the  
 45 Department of Human Services to the federal Department of Education, "Annual Statistical Report

1 on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess of the  
2 Poverty Income Level,” or its successor, for October 31 of the year prior to the year of distribution;  
3 and

4 (iii) The number of children in the district in state-recognized facilities for neglected and delin-  
5 quent children, based on information from the Department of Human Services for October 31 of the  
6 year prior to the year of distribution.

7 (F) An additional amount as determined by ORS 327.077 shall be added to the ADMw for each  
8 remote small elementary school and for each small high school in the district.

9 (G) All numbers of children used for the computation in this section must reflect any district  
10 consolidations that have occurred since the numbers were compiled.

11 (b) The total additional weight that shall be assigned to any student in average daily member-  
12 ship in a district, exclusive of students described in paragraph (a)(E) and (F) of this subsection shall  
13 not exceed 2.0.

14 (8) High cost disabilities grant = the total amount received by a school district under ORS  
15 327.348, for providing special education and related services to resident pupils with disabilities.

16 (9)(a) Transportation grant equals:

17 (A) 70 percent of approved transportation costs for those school districts ranked below the 80th  
18 percentile under paragraph (b) of this subsection.

19 (B) 80 percent of approved transportation costs for those school districts ranked in or above the  
20 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

21 (C) 90 percent of approved transportation costs for those school districts ranked in or above the  
22 90th percentile under paragraph (b) of this subsection.

23 (b) Each fiscal year, the Department of Education shall rank school districts based on the ap-  
24 proved transportation costs per ADM of each school district, ranking the school district with the  
25 highest approved transportation costs per ADM at the top of the order.

26 (10) Local Revenues are the total of the following:

27 (a) The amount of revenue offset against local property taxes as determined by the Department  
28 of Revenue under ORS 311.175 (3)(a)(A);

29 (b) The amount of property taxes actually received by the district including penalties and in-  
30 terest on taxes;

31 (c) The amount of revenue received by the district from the Common School Fund under ORS  
32 327.403 to 327.410;

33 (d) The amount of revenue received by the district from the county school fund;

34 (e) The amount of revenue received by the district from the 25 percent of federal forest reserve  
35 revenues required to be distributed to schools by ORS 294.060 (1);

36 (f) The amount of revenue received by the district from state managed forestlands under ORS  
37 530.115 (1)(b) and (c);

38 (g) Moneys received in lieu of property taxes;

39 (h) Federal funds received without specific application by the school district and which are not  
40 deemed under federal law to be nonsupplantable;

41 (i) Any positive amount obtained by subtracting the operating property taxes actually imposed  
42 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would  
43 have been imposed by the district if the district had certified the maximum rate of operating prop-  
44 erty taxes allowed by law; and

45 (j) Any amount distributed to the district in the prior fiscal year under ORS 327.019 (8).

(11) Notwithstanding subsection (10) of this section, Local Revenues do not include[.],

[(a)] if a school district imposes local option taxes pursuant to ORS 280.040 to 280.145, an amount equal to the lesser of:

[(A)] (a) The amount of revenue actually received by the district from local option taxes imposed pursuant to ORS 280.040 to 280.145;

[(B)] (b) Fifteen percent of the combined total for the school district of the general purpose grant, the transportation grant, the facility grant and the high cost disabilities grant of the district; or

[(C)] (c) \$750 per district extended ADMw[; and]

[(b) *The amount of property taxes actually received by a school district, including penalties and interest on taxes, that:*]

[(A) *Is used for capital construction; and*]

[(B) *Exceeds 110 percent of the amount of property taxes actually received by the district, including penalties and interest on taxes, during the fiscal year beginning July 1, 2006.*]

(12)(a) Facility Grant = 8 percent of total construction costs of new school buildings.

(b) A school district shall receive a Facility Grant in the distribution year that a new school building is first used.

(c) As used in this subsection:

(A) “New school building” includes new school buildings, adding structures onto existing school buildings and adding premanufactured structures to a school district if those buildings or structures are to be used for instructing students.

(B) “Construction costs” does not include costs for land acquisition.

**SECTION 22. The amendments to ORS 327.013 by section 21 of this 2007 Act apply to State School Fund distributions commencing with the 2010-2011 distribution.**

**SECTION 23. The amendments to ORS 327.013 by section 21 of this 2007 Act become operative on July 1, 2010.**

**SECTION 24.** ORS 327.019 is amended to read:

327.019. (1) As used in this section:

(a) “Education service district extended ADMw” means the sum of the extended ADMw of the component school districts of the education service district as computed under ORS 327.013.

(b) “Local revenues of an education service district” means the total of the following:

(A) The amount of revenue offset against local property taxes as determined by the Department of Revenue under ORS 311.175 (3)(a)(A);

(B) The amount of property taxes actually received by the district including penalties and interest on taxes;

(C) The amount of revenue received by the district from state-managed forestlands under ORS 530.115 (1)(b) and (c); and

(D) Any positive amount obtained by subtracting the operating property taxes actually imposed by the district based on the rate certified pursuant to ORS 310.060 from the amount that would have been imposed by the district if the district had certified the maximum rate of operating property taxes allowed by law.

**(c) Notwithstanding paragraph (b) of this subsection, “local revenues of an education service district” does not mean the amount of property taxes actually received by a district, including penalties and interest on taxes, that:**

**(A) Is used for capital construction; and**



1       **(B) Exceeds 110 percent of the amount of property taxes actually received by the district,**  
 2 **including penalties and interest on taxes, during the fiscal year beginning July 1, 2006.**

3       (2) Each fiscal year, the Superintendent of Public Instruction shall calculate a State School Fund  
 4 grant for each education service district as provided in this section.

5       (3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-  
 6 located to the State School Fund and available for distribution to school districts, education service  
 7 districts and programs + total amount of local revenues of all school districts, computed as provided  
 8 in ORS 327.013, + total amount of local revenues of all education service districts. The super-  
 9 intendent may not include in the calculation under this paragraph amounts recovered by the De-  
 10 partment of Education from the State School Fund under ORS 343.243.

11       (b) The superintendent shall multiply the amount calculated under paragraph (a) of this sub-  
 12 section by 95.25 percent.

13       (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent  
 14 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to  
 15 327.133, 327.348, 327.355, 327.357 and 327.360 the total amount calculated under paragraph (b) of this  
 16 subsection as school district general purpose grants, facility grants, high cost disabilities grants and  
 17 transportation grants to school districts.

18       (d) Based on the funding percentage calculated under paragraph (c) of this subsection, the su-  
 19 perintendent shall calculate the general purpose grant, facility grant, transportation grant and high  
 20 cost disabilities grant amounts for each school district.

21       (4) The general services grant for an education service district shall equal the higher of:

22       (a) Total amount calculated under subsection (3)(d) of this section for the component school  
 23 districts of the education service district  $\times$  (4.75  $\div$  95.25); or

24       (b) \$950,000.

25       (5) Subject to subsection (6) of this section, the State School Fund grant for an education service  
 26 district = general services grant – local revenues of the education service district.

27       (6)(a) After completing the calculations under subsections (2) to (5) of this section, the Super-  
 28 intendent of Public Instruction shall apportion from the State School Fund to each education service  
 29 district an amount = (funding percentage  $\times$  general services grant) – local revenues of the educa-  
 30 tion service district.

31       (b) The funding percentage used in paragraph (a) of this subsection shall be calculated by the  
 32 superintendent to distribute as nearly as practicable the total amount available for distribution to  
 33 education service districts from the State School Fund for each fiscal year.

34       (7) Notwithstanding subsections (5) and (6) of this section, the State School Fund grant of an  
 35 education service district may not be less than zero.

36       (8) An education service district shall distribute to its component school districts any amount  
 37 of local revenues of the education service district that is greater than the general services grant.  
 38 The amount that each component school district receives under this subsection shall be prorated  
 39 based on the district extended ADMw of each school district.

40       **SECTION 25. The amendments to ORS 327.019 by section 24 of this 2007 Act apply to**  
 41 **State School Fund distributions commencing with the 2007-2008 distribution.**

42       **SECTION 26.** ORS 327.019, as amended by section 24 of this 2007 Act, is amended to read:

43       327.019. (1) As used in this section:

44       (a) “Education service district extended ADMw” means the sum of the extended ADMw of the  
 45 component school districts of the education service district as computed under ORS 327.013.

1 (b) “Local revenues of an education service district” means the total of the following:

2 (A) The amount of revenue offset against local property taxes as determined by the Department  
3 of Revenue under ORS 311.175 (3)(a)(A);

4 (B) The amount of property taxes actually received by the district including penalties and in-  
5 terest on taxes;

6 (C) The amount of revenue received by the district from state-managed forestlands under ORS  
7 530.115 (1)(b) and (c); and

8 (D) Any positive amount obtained by subtracting the operating property taxes actually imposed  
9 by the district based on the rate certified pursuant to ORS 310.060 from the amount that would have  
10 been imposed by the district if the district had certified the maximum rate of operating property  
11 taxes allowed by law.

12 *[(c) Notwithstanding paragraph (b) of this subsection, “local revenues of an education service dis-  
13 trict” does not mean the amount of property taxes actually received by a district, including penalties  
14 and interest on taxes, that:]*

15 *[(A) Is used for capital construction; and]*

16 *[(B) Exceeds 110 percent of the amount of property taxes actually received by the district, including  
17 penalties and interest on taxes, during the fiscal year beginning July 1, 2006.]*

18 (2) Each fiscal year, the Superintendent of Public Instruction shall calculate a State School Fund  
19 grant for each education service district as provided in this section.

20 (3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-  
21 located to the State School Fund and available for distribution to school districts, education service  
22 districts and programs + total amount of local revenues of all school districts, computed as provided  
23 in ORS 327.013, + total amount of local revenues of all education service districts. The super-  
24 intendent may not include in the calculation under this paragraph amounts recovered by the De-  
25 partment of Education from the State School Fund under ORS 343.243.

26 (b) The superintendent shall multiply the amount calculated under paragraph (a) of this sub-  
27 section by 95.25 percent.

28 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent  
29 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to  
30 327.133, 327.348, 327.355, 327.357 and 327.360 the total amount calculated under paragraph (b) of this  
31 subsection as school district general purpose grants, facility grants, high cost disabilities grants and  
32 transportation grants to school districts.

33 (d) Based on the funding percentage calculated under paragraph (c) of this subsection, the su-  
34 perintendent shall calculate the general purpose grant, facility grant, transportation grant and high  
35 cost disabilities grant amounts for each school district.

36 (4) The general services grant for an education service district shall equal the higher of:

37 (a) Total amount calculated under subsection (3)(d) of this section for the component school  
38 districts of the education service district  $\times$   $(4.75 \div 95.25)$ ; or

39 (b) \$950,000.

40 (5) Subject to subsection (6) of this section, the State School Fund grant for an education service  
41 district = general services grant – local revenues of the education service district.

42 (6)(a) After completing the calculations under subsections (2) to (5) of this section, the Super-  
43 intendent of Public Instruction shall apportion from the State School Fund to each education service  
44 district an amount = (funding percentage  $\times$  general services grant) – local revenues of the educa-  
45 tion service district.

1 (b) The funding percentage used in paragraph (a) of this subsection shall be calculated by the  
2 superintendent to distribute as nearly as practicable the total amount available for distribution to  
3 education service districts from the State School Fund for each fiscal year.

4 (7) Notwithstanding subsections (5) and (6) of this section, the State School Fund grant of an  
5 education service district may not be less than zero.

6 (8) An education service district shall distribute to its component school districts any amount  
7 of local revenues of the education service district that is greater than the general services grant.  
8 The amount that each component school district receives under this subsection shall be prorated  
9 based on the district extended ADMw of each school district.

10 **SECTION 27. The amendments to ORS 327.019 by section 26 of this 2007 Act apply to**  
11 **State School Fund distributions commencing with the 2010-2011 distribution.**

12 **SECTION 28. The amendments to ORS 327.019 by section 26 of this 2007 Act become op-**  
13 **erative on July 1, 2010.**

14 **SECTION 29. Sections 1 to 3 of this 2007 Act and the amendments to ORS 306.113, 311.545,**  
15 **311.547, 311.610, 312.005, 312.010, 312.020, 312.050, 312.120, 312.125, 312.200, 312.230 and 312.260**  
16 **by sections 4 to 16 of this 2007 Act apply to property taxes that:**

17 (1) Are delinquent on or after the effective date of this 2007 Act; or

18 (2) Are delinquent before the effective date of this 2007 Act, if:

19 (a) The county gives written notice in substantially the form required by ORS 311.545,  
20 311.547 and 311.610 within 90 days of the effective date of this 2007 Act;

21 (b) The county allows a period of 90 days from the date of the notice within which to cure  
22 the delinquency; and

23 (c) The person fails to cure the delinquency within the 90-day period.

24 **SECTION 30. This 2007 Act takes effect on the 91st day after the date on which the**  
25 **regular session of the Seventy-fourth Legislative Assembly adjourns sine die.**

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