

**B-Engrossed**  
**House Bill 2745**

Ordered by the House May 25  
Including House Amendments dated March 27 and May 25

Sponsored by Representative HUFFMAN

**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.

Authorizes certain intergovernmental entities created to operate, maintain, repair and modernize nonrail transportation facilities to impose property taxes in support of those purposes, or issue general obligation bonds supported by property tax revenues, if entity obtains approval of governing bodies of affected cities and counties in entity territory. Permits intergovernmental entity to divide territory of entity into zones in which different tax rates are to be imposed, if different tax rates are based upon qualitative differences in services provided by entity.

Requires intergovernmental entity to obtain voter approval of measures authorizing bond issuance, imposing taxes or establishing tax zones within entity territory. **Directs entity to establish transit advisory councils, maintain communication with affected local governments and perform specified annual reporting and auditing.**

Takes effect on 91st day following adjournment sine die.

**A BILL FOR AN ACT**

1  
2 Relating to intergovernmental entity funding of transit operations; creating new provisions; amend-  
3 ing ORS 190.083; and prescribing an effective date.

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

5 **SECTION 1.** ORS 190.083 is amended to read:

6 190.083. (1) Before a county enters into an intergovernmental agreement creating an intergov-  
7 ernmental entity to operate, maintain, repair and modernize transportation facilities, the county  
8 shall obtain approval of the terms and conditions of the agreement from the governing bodies of a  
9 majority of the cities within the county.

10 (2) Subject to the provisions of this section, an intergovernmental entity created to operate,  
11 maintain, repair and modernize transportation facilities may issue general obligation bonds and as-  
12 sess, levy and collect taxes in support of the purposes of the entity.

13 (3)(a) To carry out the purposes of an intergovernmental agreement under this section, and when  
14 authorized at an election described in paragraph (b) of this subsection, an intergovernmental entity  
15 created to operate, maintain, repair and modernize transportation facilities may borrow moneys and  
16 sell and dispose of general obligation bonds. Approval requires an affirmative vote of a majority of  
17 the electors within the intergovernmental entity voting in the election.

18 (b) If the bonds are not subject to the limitations under [*section 11 or 11b,*] Article XI, **section**  
19 **11 or 11b**, of the Oregon Constitution:

20 (A) The proposition submitted to the electors shall provide that the intergovernmental entity  
21 shall assess, levy and collect taxes each year on the assessed value of all taxable property within  
22 the intergovernmental entity for the purposes of paying the principal and interest on the general  
23 obligation bonds;

**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 (B) The election must comply with the voter participation requirements of [section 11 (8),] Arti-  
2 cle XI, **section 11 (8)**, of the Oregon Constitution; and

3 (C) Outstanding bonds may never exceed in the aggregate two percent of the real market value  
4 of all taxable property within the entity.

5 (4) The governing body of an intergovernmental entity created to operate, maintain, repair and  
6 modernize transportation facilities shall issue the bonds from time to time as authorized by the  
7 electors of the entity. The governing body shall issue the bonds according to the applicable pro-  
8 visions of ORS chapter 287A.

9 (5) The electors of an intergovernmental entity created to operate, maintain, repair and mod-  
10 ernize transportation facilities may establish a permanent rate limit for ad valorem property taxes  
11 for the entity pursuant to [section 11 (3)(c),] Article XI, **section 11 (3)(c)**, of the Oregon Constitution.

12 (6) An intergovernmental entity created to operate, maintain, repair and modernize transporta-  
13 tion facilities may exercise the powers necessary to carry out the purposes of the intergovernmental  
14 agreement, including but not limited to the authority to enter into agreements and to expend tax  
15 proceeds and other revenues the entity receives.

16 (7) An intergovernmental entity created to operate, maintain, repair and modernize transporta-  
17 tion facilities is not a district as defined in ORS 198.010 and is not subject to the provisions of ORS  
18 chapter 451.

19 (8) An intergovernmental entity described in this section is subject to ORS 294.305 to 294.565  
20 for each fiscal year or budget period in which the entity proposes to impose or imposes ad valorem  
21 property taxes.

22 **(9) An intergovernmental entity that qualifies as a designated recipient of funding for**  
23 **transit operations from the Federal Transit Administration may utilize the procedures es-**  
24 **tablished under section 2 of this 2017 Act in addition to this section.**

25 **SECTION 2. (1) Subject to the provisions of this section, an intergovernmental entity**  
26 **created to operate, maintain, repair and modernize transportation facilities and that qualifies**  
27 **as a designated recipient of funding for transit operations from the Federal Transit Admin-**  
28 **istration may issue general obligation bonds and assess, levy and collect ad valorem property**  
29 **taxes, including operating taxes and local option taxes, in support of the purposes of the**  
30 **entity. Taxes authorized as prescribed in this section may be imposed throughout the terri-**  
31 **tory of the units of local government that make up the entity, or only in tax zones within**  
32 **the territory that are established as prescribed in this section.**

33 **(2) In order to utilize the powers and authorities granted under this section, the inter-**  
34 **governmental agreement entered into under ORS 190.010 that created the intergovernmental**  
35 **entity, or as amended, must provide for a board of directors of the entity and the method**  
36 **of selecting board members. The board of directors shall serve as the entity's governing**  
37 **body.**

38 **(3) An intergovernmental entity described in subsection (1) of this section may provide**  
39 **public transportation and terminal facilities for public transportation, except that the public**  
40 **transportation and facilities for public transportation must be limited to nonrail transporta-**  
41 **tion and transportation facilities.**

42 **(4) An intergovernmental entity described in subsection (1) of this section may undertake**  
43 **any of the following actions only by using the procedures and obtaining the approvals de-**  
44 **scribed in subsections (5) to (7) of this section:**

45 **(a) Issue general obligation bonds not subject to limitation under Article XI, section 11**

1 or 11b, of the Oregon Constitution;

2 (b) Establish a permanent rate limit for operating taxes within the meaning of Article  
3 XI, section 11 (3), of the Oregon Constitution;

4 (c) Impose local option taxes under ORS 280.040 to 280.145; or

5 (d) Divide the territory of the entity into zones based upon qualitative differences for the  
6 purpose of imposing and levying ad valorem property taxes at different rates in each zone  
7 based upon services provided by the entity in each zone.

8 (5) In order to undertake any of the actions described in subsection (4)(a) to (c) of this  
9 section, the following steps must be completed in the following order:

10 (a) The board of directors of the intergovernmental entity, after consultation with the  
11 governing bodies of all affected cities and counties, must approve a preliminary resolution  
12 that sets forth with particularity the financial or geographic specifics of the measure sought  
13 to be approved, including but not limited to:

14 (A) The amount of bonds to be issued, purposes for which bond proceeds may be spent  
15 and the estimated amount of ad valorem property taxes pledged per \$1,000 of assessed value  
16 for repayment of the bonds;

17 (B) The permanent rate limit for operating taxes being proposed;

18 (C) The amount, rate and duration of any local option taxes being proposed; and

19 (D) Any other information otherwise required by law or that the board determines to  
20 include in the preliminary resolution.

21 (b) The governing body of each city and county wholly or partially within the territory  
22 of the entity must, within one year, approve or reject the preliminary resolution by order  
23 or resolution of the city or county governing body, except that:

24 (A) In the case of a preliminary resolution that establishes proposed tax zones and does  
25 not seek a permanent rate limit on operating taxes, a city or county that lacks territory  
26 within those zones need not act on the preliminary resolution and approval by their govern-  
27 ing bodies may not be sought; and

28 (B) The approval of the governing body of a county need not be obtained and may not  
29 be sought if the preliminary resolution does not seek a permanent rate limit on operating  
30 taxes and the only territory of the county within the proposed zone is also only within the  
31 boundaries of cities that have granted approval under this subsection.

32 (c) If the governing body of every city and county required to consider the question under  
33 paragraph (b) of this subsection approves the preliminary resolution, the board of directors  
34 of the entity, within 120 days of the last required governing body approval under paragraph  
35 (b) of this subsection, shall consider a final resolution that refers to voters one or more  
36 ballot measures that reflect the contents of the resolutions approved under paragraphs (a)  
37 and (b) of this subsection.

38 (d) Each ballot measure referred to voters as described in paragraph (c) of this sub-  
39 section must be approved by voters in the same manner provided by law for approval of  
40 general obligation bonds, a permanent rate limit for operating taxes or local option taxes.

41 (6) If a permanent rate limit for operating taxes is approved by voters, the board of di-  
42 rectors must thereafter obtain the approval of the governing body of each city in which op-  
43 erating taxes are to be imposed and of the governing body of each county in which operating  
44 taxes are to be imposed within unincorporated territory.

45 (7)(a) The procedures described in this subsection must be undertaken and completed in

1 order to divide the territory of the entity into zones as described in subsection (4)(d) of this  
2 section and:

3 (A) Issue general obligation bonds not subject to limitation under Article XI, section 11  
4 or 11b, of the Oregon Constitution, for which ad valorem property taxes are to be imposed  
5 within a zone of the territory of the entity that is based on different levels of service in the  
6 zone; or

7 (B) Impose local option taxes under ORS 280.040 to 280.145 in a zone of the territory of  
8 the entity that is based on different levels of service in the zone.

9 (b) The board of directors of the intergovernmental entity, after consultation with the  
10 governing bodies of all affected cities and counties in a proposed zone, must approve a pre-  
11 liminary resolution that sets forth:

12 (A) The geographic boundaries of the proposed zone in which taxes are to be imposed;

13 (B) The qualitative differences in the levels of service that are to be provided that justi-  
14 fies the establishment of the proposed zone;

15 (C) The amount of any bonds to be issued, purposes for which bond proceeds may be  
16 spent and the estimated amount of ad valorem property taxes pledged per \$1,000 of assessed  
17 value for repayment of the bonds;

18 (D) The amount, rate and duration of any local option taxes being proposed; and

19 (E) Any other information otherwise required by law or that the board determines to  
20 include in the preliminary resolution.

21 (c) The governing body of each city and county wholly or partially within the proposed  
22 zone must, within one year, approve or reject the preliminary resolution by order or resolu-  
23 tion of the city or county governing body.

24 (d) If the governing body of every city and county required to consider the question under  
25 paragraph (c) of this subsection approves the preliminary resolution, the board of directors  
26 of the intergovernmental entity, within 120 days of the last required governing body approval  
27 under paragraph (c) of this subsection, shall consider a final resolution that refers to voters  
28 in the proposed zone one or more ballot measures that reflect the contents of the resolutions  
29 approved under paragraphs (b) and (c) of this subsection.

30 (e) Each ballot measure referred to voters as described in paragraph (d) of this sub-  
31 section must be approved by voters in the same manner provided by law for approval of  
32 general obligation bonds, a permanent rate limit for operating taxes, or local option taxes,  
33 except that if the final resolution includes dividing the territory of the entity into zones and  
34 does not establish a permanent rate limit for operating taxes:

35 (A) The election must be held in May or November; and

36 (B) The ballot measure must be approved by a majority of voters voting in the election  
37 in each zone in which taxes are to be imposed.

38 (8) A ballot measure that proposes measures described in subsections (5)(d) and (7)(e) of  
39 this section shall be combined in a proposed zone.

40 (9) If the voters approve a ballot measure in accordance with subsection (5)(d) or (7)(e)  
41 of this section:

42 (a) Any tax revenues collected thereafter may be expended only for the purposes specified  
43 in the measure; and

44 (b) In the case of a measure establishing tax zones within the territory of the intergov-  
45 ernmental entity, the tax revenues collected from each zone must be expended within the

1 geographic area of the respective zone.

2 (10) Following the approval of a ballot measure described in subsection (5)(d) or (7)(e) of  
3 this section that authorizes ad valorem taxes of the intergovernmental entity to be imposed  
4 within the territory of one or more cities or counties, if the boundaries of an affected city  
5 or county change, the area in which taxes are to be imposed shall also be adjusted to reflect  
6 the boundary change. Any boundary change shall comply with the procedures set forth in  
7 ORS 308.225.

8 (11) If the territory of an intergovernmental entity is divided into zones under this sec-  
9 tion, the board of directors shall determine, make and declare the ad valorem property tax  
10 levy for each zone when the board adopts its budget for any fiscal year. If the board modifies  
11 the ad valorem property tax levy or boundaries of a zone, the board must first obtain the  
12 approval of each affected city's governing body or, in the case of a zone that includes  
13 unincorporated territory, each affected county's governing body. The determination of the  
14 amount of ad valorem property taxes to be levied in each zone shall be in accordance with  
15 the proposal approved by the voters under this section and shall be entered in the proper  
16 records of the intergovernmental entity.

17 **SECTION 3.** (1) The board of directors of an intergovernmental entity described in sec-  
18 tion 2 of this 2017 Act shall perform all of the following:

19 (a) Before the entity may impose ad valorem property taxes, establish one or more  
20 transit advisory councils representative of each zone in which ad valorem property taxes are  
21 to be imposed. If the entity elects to not establish zones, the entity need establish only one  
22 transit advisory council. Council members shall be appointed by the board following nomi-  
23 nation of proposed members by affected cities and counties.

24 (b) Maintain adequate levels of communication between affected local governments and  
25 the board of directors.

26 (c) Cause to be performed an annual report of standard transit performance metrics and  
27 an annual audit that satisfies the federal audit requirements for the expenditure of federal  
28 funds by state and local governments.

29 (2)(a) If the governing bodies of three or more cities or counties with territory within the  
30 boundaries of the intergovernmental entity file a written notice with the board of directors  
31 alleging that any of the actions required under subsection (1) of this section are not being  
32 adequately performed, the board of directors and the notifying governing bodies shall within  
33 60 days conduct a mediation session with a mediator qualified to perform mediation under  
34 ORS 36.100 to 36.238, in order to resolve the dispute.

35 (b) One-half of the cost of the mediation shall be borne by the intergovernmental entity  
36 and the remaining one-half of the cost shall be borne by the cities and counties that served  
37 notice under this subsection.

38 **SECTION 4.** (1) The board of directors of an intergovernmental entity that was in exist-  
39 ence on the day before the effective date of this 2017 Act and that otherwise meets the re-  
40 quirements of section 2 (1) of this 2017 Act shall be deemed to satisfy the requirements of  
41 section 2 (2) of this 2017 Act.

42 (2) This section is repealed on January 2, 2029.

43 **SECTION 5.** This 2017 Act takes effect on the 91st day after the date on which the 2017  
44 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.