

**A-Engrossed**  
**House Bill 3221**

Ordered by the House June 2  
Including House Amendments dated June 2

Sponsored by Representative SANCHEZ (at the request of Portland Public Schools)

**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.

*[Increases amounts of moneys that are not considered Local Revenues for purposes of State School Fund distributions to school districts.]*

**Removes federal forest reserve revenues from list of revenues that are considered Local Revenues for purposes of State School Fund distributions to school districts.**

Declares emergency, effective July 1, 2023.

**A BILL FOR AN ACT**

1  
2 Relating to the calculation of Local Revenues for the purpose of State School Fund distributions;  
3 creating new provisions; amending ORS 294.060 and 327.011; and declaring an emergency.

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

5 **SECTION 1.** ORS 327.011 is amended to read:

6 327.011. For the purpose of State School Fund distributions for school districts:

7 (1) Local Revenues are the total of the following:

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

10 (b) The amount of property taxes actually received by the district, including penalties and in-  
11 terest on taxes.

12 (c) The amount of revenue received by the district from the Common School Fund under ORS  
13 327.403 to 327.410.

14 (d) The amount of revenue received by the district from the county school fund.

15 *[(e) The amount of revenue received by the district from the 25 percent of federal forest reserve*  
16 *revenues required to be distributed to schools by ORS 294.060 (1).]*

17 *[(f)]* (e) The amount of revenue received by the district from state managed forestlands under  
18 ORS 530.115 (1)(b) and (c).

19 *[(g)]* (f) Moneys received in lieu of property taxes.

20 *[(h)]* (g) Federal funds received without specific application by the school district and that are  
21 not deemed under federal law to be nonsupplantable.

22 *[(i)]* (h) Any positive amount obtained by subtracting the operating property taxes actually im-  
23 posed by the district, based on the rate certified pursuant to ORS 310.060, from the amount that  
24 would have been imposed by the district if the district had certified the maximum rate of operating  
25 property taxes allowed by law.

26 *[(j)]* (i) Any amount distributed to the district in the prior fiscal year under ORS 327.019 (8).

**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) Local Revenues do not include:

2 (a) If a school district imposes local option taxes pursuant to ORS 280.040 to 280.145, an amount  
3 equal to the least of:

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

6 (B) Twenty-five percent of the total received by the school district from the general purpose  
7 grant, the transportation grant, the facility grant and the high cost disabilities grant of the district,  
8 as those grants are calculated under ORS 327.013; or

9 (C) \$2,000 per district extended ADMw, as calculated under ORS 327.013, increased each fiscal  
10 year by three percent above the amount allowed per district extended ADMw for the prior fiscal  
11 year.

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

16 **SECTION 2.** ORS 294.060 is amended to read:

17 294.060. (1) The moneys received by each county under ORS 293.560 shall be divided 75 percent  
18 to the road fund and 25 percent to the school fund of the county and, subject to subsection (2) of  
19 this section, the moneys shall be expended as other moneys in those funds are expended.

20 (2) The moneys apportioned to the county road fund may be applied in payment of any out-  
21 standing road bonds or may be placed in any county road bond sinking fund for the purpose of being  
22 so applied.

23 (3) Notwithstanding the division of receipts specified in subsection (1) of this section, in any  
24 county east of the summit of the Cascade Mountains with a population of less than 9,000 and more  
25 than 6,500, according to the 1990 federal decennial census, moneys from the road fund in excess of  
26 \$2 million may be transferred to the school fund when the amount of moneys credited to the road  
27 fund under subsection (1) of this section exceeds the amount needed for county roads, as determined  
28 by the board of county commissioners. Any amount received by a school district from the school  
29 fund of the county [*that is in excess of the 25 percent required under subsection (1) of this section*]  
30 may not be considered as a receipt that would reduce the district's apportionments from the State  
31 School Fund.

32 (4) Notwithstanding the division of receipts specified in subsection (1) of this section, in any  
33 county east of the summit of the Cascade Mountains with a population of less than 58,000 and more  
34 than 55,000, according to the 1990 federal decennial census, if the moneys credited to the road fund  
35 under subsection (1) of this section exceed the amount needed for county roads, as determined by  
36 the county governing body, the portion of such moneys in excess of an amount specified by the  
37 county governing body may be transferred to the school fund of the county or may be transferred  
38 directly to the school districts of the county in accordance with procedures established by the  
39 county governing body. The county governing body may distribute moneys under this subsection  
40 among the several school districts without regard to the percentage of the resident average daily  
41 membership in each school district. Moneys transferred under this subsection may be transferred  
42 upon the condition that any school district receiving a share of such moneys must use the moneys  
43 only for a purpose described in ORS 328.205 (1)(a) or (c). Any amount received by a school district  
44 from the county under this subsection [*that is in excess of the 25 percent required under subsection*  
45 (*1) of this section*] may not be considered as a receipt that would reduce the district's apportionments

1 from the State School Fund.

2 (5) Notwithstanding the division of receipts specified in subsection (1) of this section, in any  
3 county east of the summit of the Cascade Mountains with a population of less than 6,500, according  
4 to the 1990 federal decennial census, moneys received by the county under ORS 293.560 may be di-  
5 vided between the road fund and the school fund of the county as specified under an agreement  
6 between the county governing body and the education service district board of the county that  
7 provides for a different apportionment of those moneys. Any amount received by a school district  
8 from the school fund of the county [*that is in excess of the 25 percent required under subsection (1)*  
9 *of this section*] may not be considered as a receipt that would reduce the district's apportionments  
10 from the State School Fund.

11 (6) Notwithstanding the division of receipts specified in subsection (1) of this section, in any  
12 county west of the summit of the Cascade Mountains with a population of less than 19,500 and more  
13 than 6,500, according to the 1990 federal decennial census, moneys from the road fund in excess of  
14 \$1 million may be transferred to the school fund when the amount of moneys credited to the road  
15 fund under subsection (1) of this section exceeds the amount needed for county roads, as determined  
16 by the board of county commissioners. Any amount received by a school district from the school  
17 fund of the county [*that is in excess of the 25 percent required under subsection (1) of this section*]  
18 may not be considered as a receipt that would reduce the district's apportionments from the State  
19 School Fund.

20 (7) As used in subsections (3) to (6) of this section, "summit of the Cascade Mountains" has the  
21 meaning given that term in ORS 477.001.

22 (8)(a) Notwithstanding the division of receipts specified in subsection (1) of this section, the  
23 moneys that would otherwise be credited to the road fund of a county under subsection (1) of this  
24 section may instead be credited in accordance with this subsection.

25 (b) Upon request of the governing body of a county, the Oregon Department of Administrative  
26 Services shall credit the moneys described in paragraph (a) of this subsection to one of the following  
27 public bodies, provided the service territory of the public body includes the entire county:

28 (A) An intergovernmental entity created by agreement under ORS 190.003 to 190.130;

29 (B) A county road district formed under ORS 371.055 to 371.110; or

30 (C) A service district for roads established under ORS chapter 451.

31 (c) Moneys credited to a public body under this subsection shall be used in the same manner  
32 and subject to the same restrictions as would have applied to the moneys in the hands of the county  
33 that made the request under paragraph (b) of this subsection, including, but not limited to, the re-  
34 quirements of ORS chapter 368 related to the use of moneys in a county road fund.

35 (d) The governing body of the county may request that the department discontinue crediting the  
36 moneys to the public body at any time. Not later than 30 days after receiving a request under this  
37 paragraph, the department shall resume crediting the moneys in accordance with subsection (1) of  
38 this section.

39 **SECTION 3. The amendments to ORS 327.011 by section 1 of this 2023 Act apply to State**  
40 **School Fund distributions commencing with the 2023-2024 distributions.**

41 **SECTION 4. This 2023 Act being necessary for the immediate preservation of the public**  
42 **peace, health and safety, an emergency is declared to exist, and this 2023 Act takes effect**  
43 **July 1, 2023.**