

Enrolled House Bill 3221

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

CHAPTER

AN ACT

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

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

SECTION 1. ORS 327.011 is amended to read:

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

(1) Local Revenues are 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 the Common School Fund under ORS 327.403 to 327.410.

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

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

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

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

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

[(i) (h) 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.

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

(2) 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 least of:

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

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

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

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

SECTION 2. ORS 294.060 is amended to read:

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

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

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

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

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

(6) Notwithstanding the division of receipts specified in subsection (1) of this section, in any county west of the summit of the Cascade Mountains with a population of less than 19,500 and more than 6,500, according to the 1990 federal decennial census, moneys from the road fund in excess of \$1 million may be transferred to the school fund when the amount of moneys credited to the road fund under subsection (1) of this section exceeds the amount needed for county roads, as determined

by the board of county commissioners. Any amount received by a school district from the school fund of the county [that is in excess of the 25 percent required under subsection (1) of this section] may not be considered as a receipt that would reduce the district's apportionments from the State School Fund.

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

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

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

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

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

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

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

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

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

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

Passed by House June 8, 2023

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Timothy G. Sekerak, Chief Clerk of House

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Dan Rayfield, Speaker of House

Passed by Senate June 24, 2023

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Rob Wagner, President of Senate

Received by Governor:

.....M.,....., 2023

Approved:

.....M.,....., 2023

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Tina Kotek, Governor

Filed in Office of Secretary of State:

.....M.,....., 2023

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Secretary of State