

A-Engrossed Senate Bill 1517

Ordered by the Senate February 19
Including Senate Amendments dated February 19

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Veterans, Emergency Management, Federal and World Affairs for Urban Flood Safety and Water Quality District)

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. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act would let the urban flood safety and water quality district impose an annual charge on lands that are benefited by district works. The Act would let the district impose a fee on cities and counties for district costs not covered by the annual charge. The Act would change how the district winds up other water-related districts. (Flesch Readability Score: 63.2).

Authorizes the urban flood safety and water quality district to annually assess benefited lands within the managed floodplain for the total amount of revenues required to pay the costs for the succeeding year of district works that directly benefit the lands. Authorizes the district to impose a fee on cities and counties for the overall fixed costs of operating the district and district works. Amends provisions relating to the governance and the dissolution of existing drainage districts and corporations for the use and control of water lying within the boundaries of the urban flood safety and water quality district.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to the urban flood safety and water quality district; creating new provisions; amending ORS
3 550.190, 550.230, 550.300 and 550.360; and prescribing an effective date.

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

5 **SECTION 1. Sections 2 and 3 of this 2024 Act are added to and made a part of ORS 550.150**
6 **to 550.410.**

7 **SECTION 2. (1)(a) The board of directors of the urban flood safety and water quality**
8 **district may impose an annual charge to pay the costs of operating and maintaining district**
9 **works that directly benefit lands situated within the managed floodplain of the district.**

10 **(b) If the board of directors elects to impose the charge, it shall determine the total**
11 **amount of revenues required to pay the costs described in paragraph (a) of this subsection,**
12 **including the estimated delinquencies on payment of the charge, for the succeeding year.**

13 **(c) The total amount determined under paragraph (b) of this subsection shall be an as-**
14 **essment upon all the benefited lands and shall be apportioned by the board of directors in**
15 **accordance with the method adopted under subsection (2) of this section.**

16 **(d) For purposes of this section, benefited lands subject to assessment include:**

17 **(A) Any portion of a parcel of lands that is so benefited; and**

18 **(B) Notwithstanding ORS 307.090, lands owned by a public body.**

19 **(e) Any parcel of benefited lands owned by any person that totals less than one acre shall**
20 **be assessed as one acre.**

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) The board of directors may adopt by ordinance:**

2 **(a) A method for apportioning the assessments imposed under subsection (1) of this sec-**
3 **tion; or**

4 **(b) A method of apportionment that is based on the method for apportioning assessments**
5 **adopted by an existing drainage district formed under ORS chapter 547 or incorporated under**
6 **ORS chapter 554 that is operating within the managed floodplain as of the effective date of**
7 **this 2024 Act.**

8 **(3)(a) The board of directors shall:**

9 **(A) Prepare a list of the assessments imposed under subsection (1) of this section and**
10 **the apportionments made under subsection (2) of this section, including a description of the**
11 **ownership or holdings of each person whose benefited lands are assessed; and**

12 **(B) Not later than July 15 of each year, file a written notice in the manner provided in**
13 **ORS 310.060 with the county assessor of each county in which the benefited lands are situ-**
14 **ated certifying the assessments.**

15 **(b) The county assessor shall place the assessments against the benefited lands on the**
16 **assessment and tax roll in the same manner as other municipal taxes are placed on the roll.**

17 **(4)(a) Except as provided in subsection (5) of this section, the assessments shall be col-**
18 **lected and enforced in the same manner as other taxes on property are collected and en-**
19 **forced.**

20 **(b) The tax collector shall account for the assessments separately from taxes levied by**
21 **the urban flood safety and water quality district for other purposes.**

22 **(c) The county treasurer shall make returns and pay over all assessment moneys to the**
23 **district in the same manner as for other taxing district taxes and charges.**

24 **(5)(a) In lieu of the methods of assessment and collection provided in subsections (3) and**
25 **(4) of this section, the board of directors may provide by resolution for the direct assessment**
26 **and collection of the charges imposed under subsection (1) of this section against benefited**
27 **lands that are owned by a public body or other person whose property is exempt from ad**
28 **valorem property taxation.**

29 **(b) The urban flood safety and water quality district shall cooperate with the county**
30 **assessor to identify annually those benefited lands for which direct billing of the assessments**
31 **is the most efficient and effective method of collection.**

32 **SECTION 3. (1)(a) The board of directors of the urban flood safety and water quality**
33 **district may adopt an ordinance imposing a flood safety intergovernmental fee on incorpo-**
34 **rated cities and counties with territory situated within the district boundaries.**

35 **(b) The purpose of this fee is to compensate the district for the overall fixed costs of**
36 **operating the district and operating and maintaining district works that are not compensated**
37 **for by the annual charge imposed under section 2 of this 2024 Act.**

38 **(2)(a) The fee shall be imposed by the district based on the population of the incorporated**
39 **cities and counties.**

40 **(b) For any year, the fee may be increased by an amount that does not exceed the greater**
41 **of:**

42 **(A) Three percentage points over the fee for the previous year; and**

43 **(B) The percentage change in the Consumer Price Index for All Urban Consumers, West**
44 **Region (All Items), as published by the Bureau of Labor Statistics of the United States De-**
45 **partment of Labor.**

1 **(3) Notwithstanding any provision of a charter or ordinance limiting the imposition of**
2 **taxes, fees or other charges by the governing body of a city or county subject to the fee**
3 **imposed under this section, the city or county may impose a tax, fee or charge otherwise**
4 **authorized by law for the purpose of raising revenue to pay the fee imposed under this sec-**
5 **tion.**

6 **SECTION 4.** ORS 550.190 is amended to read:

7 550.190. (1) The initial district board of the urban flood safety and water quality district shall
8 consist of 17 directors appointed as follows:

9 (a) One director representing the City of Portland appointed by the Portland city council.

10 (b) One director representing the City of Gresham appointed by the Gresham city council.

11 (c) One director representing the City of Fairview appointed by the Fairview city council.

12 (d) One director representing the City of Troutdale appointed by the Troutdale city council.

13 (e) One director representing the City of Wood Village appointed by the Wood Village city
14 council.

15 (f) One director representing Metro appointed by the Metro Council.

16 (g) One director representing Multnomah County appointed by the Multnomah County board of
17 county commissioners.

18 (h) One director representing the Port of Portland appointed by the board of commissioners of
19 the Port of Portland.

20 (i) One director representing Multnomah County Drainage District No. 1 appointed by the dis-
21 trict board of supervisors.

22 (j) One director representing Peninsula Drainage District No. 1 appointed by the district board
23 of supervisors.

24 (k) One director representing Peninsula Drainage District No. 2 appointed by the district board
25 of supervisors.

26 (L) One director representing Sandy Drainage Improvement Company appointed by the company
27 board of directors.

28 (m) One director who resides in a neighborhood within the boundaries of Multnomah County
29 Drainage District No. 1, Peninsula Drainage District No. 1, Peninsula Drainage District No. 2 or
30 Sandy Drainage Improvement Company appointed by the Governor.

31 (n) One director who represents a private sector business located within the boundaries of
32 Multnomah County Drainage District No. 1, Peninsula Drainage District No. 1, Peninsula Drainage
33 District No. 2 or Sandy Drainage Improvement Company appointed by the Governor.

34 (o) Three directors who represent public interest nonprofit corporations with expertise or in-
35 terest related to the territory within the boundaries of Multnomah County Drainage District No. 1,
36 Peninsula Drainage District No. 1, Peninsula Drainage District No. 2 or Sandy Drainage Improve-
37 ment Company appointed by the Governor, of which:

38 (A) One director must represent an environmental conservation organization; and

39 (B) One director must represent an environmental justice organization.

40 (2) The purpose of the initial district board is to organize the district and to develop, and ap-
41 prove or seek approval from the electors of, methods of funding the operations of the district. To
42 accomplish this purpose, in addition to the duties and powers conferred on the initial district board
43 under ORS 550.150 to 550.410, the initial district board may exercise all the duties and powers
44 conferred on the board of directors under ORS 550.150 to 550.410[, *other than the power to dissolve*
45 *a drainage district or corporation under ORS 550.230 (12)*].

1 (3)(a) At the first meeting of the initial district board, the board shall elect a member to serve
2 as chair. The chair shall preside over board meetings, appoint subcommittees subject to board ap-
3 proval and set the meeting agenda subject to revisions by the board.

4 (b) A majority of the directors of the initial district board shall constitute a quorum for the
5 transaction of business.

6 (4) Any vacancy on the initial district board shall be filled by majority vote of the remaining
7 directors of the board. The replacement director must qualify for the vacant position as provided in
8 subsection (1) of this section.

9 (5)(a) The directors of the initial district board shall serve in place of the board of directors
10 until the initial district board adopts a resolution calling for the appointment and election of the
11 board of directors and a quorum of the directors of the board of directors, as determined under ORS
12 550.200 (4), takes office.

13 (b) The resolution of the initial district board shall call for the appointment and election of the
14 board of directors to take place not [*less*] **more** than six months after the date on which the district
15 first begins to collect revenues under one of the methods set forth in ORS 550.300.

16 (c) The initial district board shall file a copy of the resolution with the county elections officer
17 and the Governor.

18 (6) Notwithstanding ORS 255.325 and 255.335, the first elected directors of the board of directors
19 may be elected at a special election held in accordance with ORS 255.345.

20 **SECTION 5.** ORS 550.230 is amended to read:

21 550.230. To carry out the purposes for which it was created, the urban flood safety and water
22 quality district is a body corporate and has the power to, without limitation:

23 (1) Have and use a seal.

24 (2) Have perpetual succession.

25 (3) Sue and be sued in its own name.

26 (4) Acquire by condemnation, purchase, devise, gift or voluntary grant real and personal prop-
27 erty, or any interest in such property, located inside or outside the boundaries of the managed
28 floodplain, as the board of directors deems necessary for the purposes of the district set forth in
29 ORS 550.170, and dispose of such real and personal property when the board of directors deems the
30 property unnecessary for the purposes of the district set forth in ORS 550.170.

31 (5) Enter into intergovernmental agreements under ORS chapter 190 for the construction, pres-
32 ervation, improvement, operation or maintenance of any works or other services.

33 (6) Enter into contracts with the federal government, including, without limitation, the United
34 States Army Corps of Engineers and the Federal Emergency Management Agency.

35 (7) Build, construct, purchase, improve, operate and maintain, subject to all applicable provisions
36 of law, all works that the board of directors considers necessary or desirable.

37 (8) Enter into contracts and employ agents, engineers and attorneys.

38 (9) Enter into contracts or grant agreements with nonprofit corporations or community groups.

39 (10) Acquire and maintain water and water rights, as the board of directors deems necessary for
40 the purposes of the district set forth in ORS 550.170.

41 (11) Enforce the authority of the district and protect the district's works against public nui-
42 sances, obstructions or discharges on public or private property that the district deems to have a
43 negative impact on the district's works.

44 (12) [*Dissolve*] **Take all actions necessary or convenient to effect the dissolution and**
45 **merger of** any drainage district or corporation described in ORS 550.360 that is located entirely

1 within the boundaries of the district and **accept and** assume the **duties, assets and liabilities** of the
2 dissolved district or corporation, including all lands and personal property, water rights, **contracts,**
3 obligations, debts and liabilities **as provided in ORS 550.360.**

4 (13) Do such other acts and things as may be necessary or proper for the exercise of the powers
5 granted to the district.

6 **SECTION 6.** ORS 550.300 is amended to read:

7 550.300. (1) The board of directors may finance the construction, operation or maintenance of
8 district works by the following means:

9 (a) Assessments made under ORS 550.310 against the benefited lands in the district, with or
10 without the issuance of works bonds.

11 (b) Service and user charges imposed under ORS 550.330, with or without the issuance of re-
12 venue bonds.

13 (c) Issuance of general obligation bonds under ORS 550.340.

14 **(d) Assessments against benefited lands within the managed floodplain made under sec-**
15 **tion 2 of this 2024 Act.**

16 **(e) Imposition of the flood safety intergovernmental fee under section 3 of this 2024 Act.**

17 [(d)] **(f)** Any other means authorized by law.

18 [(e)] **(g)** Any combination of the means described in this section.

19 (2) Notwithstanding subsection (1) of this section, the board of directors may not levy local op-
20 tion taxes under ORS 280.040 to 280.145.

21 **SECTION 7.** ORS 550.360 is amended to read:

22 550.360. (1)(a) Notwithstanding any other provision of law, the urban flood safety and water
23 quality district may, by resolution of the board of directors, dissolve any drainage district formed
24 and operating under ORS chapter 547, any drainage district organized and operating under ORS
25 548.005 to 548.120 or any corporation incorporated for any of the purposes listed in ORS 554.020,
26 that is operating entirely within the boundaries of the urban flood safety and water quality district.

27 **(b) The date of dissolution set forth in the resolution may not be later than 180 days**
28 **following the date on which the board of directors adopts the dissolution resolution.**

29 **(c) The dissolved district or corporation shall be considered annexed by and merged into**
30 **the urban flood safety and water quality district.**

31 [(b)] **(2)(a)** Upon the dissolution, the dissolved district or corporation shall transfer, and the
32 urban flood safety and water quality district shall assume, the duties, **contracts,** assets and liabil-
33 ities of the dissolved district or corporation and continue to furnish the services formerly provided
34 by the district or corporation to the residents of, and owners of property in, the dissolved district
35 or corporation.

36 **(b)** Such assets include, without limitation, **(b)** all interests in real property and tangible and in-
37 tangible personal property, including water rights, uncollected taxes, assessments or other charges
38 levied by the dissolved district or corporation.

39 **(c) Such liabilities include, without limitation, the obligation to defend, save harmless and**
40 **indemnify the officers, agents and employees of the dissolved district or corporation against**
41 **any tort claim or demand, whether groundless or otherwise, arising out of an alleged act or**
42 **omission occurring in the performance of duty as provided in ORS 30.260 to 30.300.**

43 [(c) *The dissolved district or corporation shall be considered annexed by and merged into the urban*
44 *flood safety and water quality district.*]

45 [(2)] **(3)** A dissolution under this section may be initiated only by resolution of the board of di-

1 rectors. The board of directors may not consider a dissolution resolution unless and until the urban
2 flood safety and water quality district has **provided for** sufficient funding from one or more of the
3 means set forth in ORS 550.300 to enable the urban flood safety and water quality district to assume
4 and manage the duties, assets and liabilities of the dissolved district or corporation **as of the date**
5 **of dissolution.**

6 *[(3) A dissolution under this section becomes effective no later than one year after the date on*
7 *which the board of directors adopts the dissolution resolution, unless the district or corporation to be*
8 *dissolved agrees to an earlier dissolution date.]*

9 (4)(a) As soon as practicable after the date on which the board of directors adopts a dissolution
10 resolution under this section, the board of directors and the governing bodies of the districts or
11 corporations to be dissolved, or the designated representatives of the governing bodies, shall meet
12 to negotiate a debt distribution plan. A debt distribution plan may provide for any distribution of
13 indebtedness between the urban flood safety and water quality district and the district or corpo-
14 ration to be dissolved.

15 (b) If the board of directors and the governing bodies do not agree on a debt distribution plan
16 **on or before the date of dissolution set forth in the resolution adopted under subsection (1)**
17 **of this section**, or if the territory of the district or corporation to be dissolved remains liable under
18 the plan for any portion of the indebtedness outstanding at the time of the dissolution and transfer,
19 the board of directors shall serve as the ex officio board of the dissolved district or corporation for
20 the purpose of imposing and collecting charges or taxes in the territory until all indebtedness of the
21 dissolved district or corporation, including interest, is paid in full.

22 (c) **The board of directors serving as the ex officio board of the dissolved district or**
23 **corporation may not impose charges or fees on the territory in the dissolved district or**
24 **corporation to the extent that the board of directors has received moneys from the dissolved**
25 **district or corporation that may be used to pay all or part of the indebtedness.**

26 *[(c)]* (d) Before a debt distribution plan may be *[agreed to]* **finalized** under this section, the urban
27 flood safety and water quality district shall **seek to** obtain consent from all known holders of valid
28 indebtedness owed by the district or corporation to be dissolved *[or releases based on provision in]*.
29 **If consent cannot be reached on or before the date of dissolution**, the debt distribution plan
30 **shall provide** for the payment of nonconsenting holders.

31 (e) The territory within the boundaries of the district or corporation to be dissolved may not
32 by reason of the dissolution and transfer be relieved of outstanding liabilities and indebtedness for
33 which the district or corporation to be dissolved has previously entered into an agreement.

34 (5) After paying and discharging all debts and obligations or obtaining consent from holders of
35 valid indebtedness or releases from nonconsenting holders, in accordance with the debt distribution
36 plan, the governing body of the district or corporation to be dissolved shall transfer to the urban
37 flood safety and water quality district all assets of the district or corporation to be dissolved.

38 (6) If requested by the district or corporation to be dissolved, or at the discretion of the board
39 of directors, the board of directors may create a zone committee with members appointed by the
40 chair of the district or corporation to be dissolved to provide for continuity and recommendations
41 with respect to fees, rates and charges, and levels of support and operation, within the territory of
42 the dissolved district or corporation.

43 **SECTION 8. Section 9 of this 2024 Act is added to and made a part of ORS 550.150 to**
44 **550.410.**

45 **SECTION 9. (1) Following dissolution under ORS 550.360 of a district or corporation, the**

1 **members of the initial district board appointed under ORS 550.190 (1)(i), (j) or (k) by the**
2 **board of supervisors of the dissolved drainage district, or under ORS 550.190 (1)(L) by the**
3 **board of directors of the dissolved corporation, shall continue to serve on the initial district**
4 **board until the initial district board is replaced by the board of directors.**

5 **(2) If one or more of these initial district board positions becomes vacant before the**
6 **members of the board of directors take office, the initial district board shall appoint a re-**
7 **placement director who resides or owns property, or represents the owner of property,**
8 **within the boundaries of the respective dissolved district or corporation.**

9 **SECTION 10. This 2024 Act takes effect on the 91st day after the date on which the 2024**
10 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**

11