

Enrolled House Bill 2514

Introduced and printed pursuant to House Rule 12.00. Presession filed (at the request of House Interim Committee on Education for Oregon Association of Education Service Districts)

CHAPTER

AN ACT

Relating to education service district indebtedness; amending ORS 334.125.

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

SECTION 1. ORS 334.125 is amended to read:

334.125. (1) The education service district is a body corporate.

(2) The education service district board is authorized to transact all business coming within the jurisdiction of the education service district and may sue and be sued.

(3)(a) The education service district board shall perform all duties required by law, including but not limited to:

[(a)] (A) Distribution of such school funds as it is empowered to apportion;

[(b)] (B) Conduct of audits;

[(c)] (C) Budget and tax levying duties, including the levying of taxes under ORS 280.060;

[(d)] (D) Contracting a bonded indebtedness and levying direct ad valorem taxes on all taxable property within the education service district in the manner that component school districts are authorized to issue bonds and levy taxes under ORS 328.205 to 328.304 and other laws applicable to the issuance of bonds and levying of taxes by school districts, **except as provided in paragraph (b) of this subsection;** and

[(e)] (E) Creating a county education bond district under ORS 328.304 from a county within the district.

(b) Notwithstanding ORS 328.245, an education service district board may contract a bonded indebtedness to finance capital costs permitted by Article XI, section 11L, of the Oregon Constitution, for purposes of the education service district or its component school districts as provided in this paragraph. The aggregate principal amount of bonded indebtedness described in this paragraph may not exceed 7.95 percent (0.0795) of the real market value of all taxable property within the education service district, computed in accordance with ORS 308.207.

(4) In addition to its duties under subsection (3) of this section, an education service district board:

(a) May provide services required by the local service plan developed pursuant to ORS 334.175;

(b) May provide funds to a component school district to provide services required by the local service plan in lieu of the component school district receiving services from the education service district;

(c) Shall provide funds as specified in ORS 327.019 (9) to a school district located within the territory of the education service district that has withdrawn from the education service district as provided in ORS 334.015; and

(d) For the purpose of providing services consistent with the local service plan, may enter into contracts with school districts that have withdrawn from the education service district as provided in ORS 334.015 or that are located outside the territory of the education service district.

(5) The education service district board may employ and fix the compensation of such personnel as it considers necessary for carrying out duties of the board.

(6) In carrying out its duties, the education service district board:

(a) May locate, buy, accept by gift or lease such land, buildings and facilities as may be required for district purposes. Leases authorized by this section may be for a term of up to 30 years and include lease-purchase agreements under which the district may acquire ownership of the leased property.

(b) May acquire personal property by a lease-purchase agreement or contract of purchase for a term exceeding one year. A lease-purchase agreement is one in which the rent payable by the district is expressly agreed to have been established to reflect the savings resulting from the exemption from taxation, and the district is entitled to ownership of the property at a nominal or other price that is stated or determinable by the terms of the agreement and was not intended to reflect the true value of the property.

(c) May lease property or sell and convey property of the district as the board considers unnecessary to its purposes.

(d) May purchase relocatable structures in installment transactions in which deferred installments of the purchase price are payable over not more than 10 years from the date of delivery of the property to the district and are secured by a security interest in the property. The transactions may take the form of, but are not limited to, lease-purchase agreements.

(e) May accept money or property donated for the use or benefit of the district and use the money or property for the purpose for which it was donated.

(7) The education service district board may adopt rules it considers necessary to carry out the duties of the board.

(8) The education service district may contract with public and private entities for service delivery.

(9)(a) The education service district shall work cooperatively with component school districts and review periodically with component school districts the operations of component school districts and shall submit to the component school districts plans for operations that achieve economies and efficiencies through consolidation of various operations of all or some of the districts. The education service district and its component school districts shall submit an annual report on the effectiveness of the consolidation of operations to the State Board of Education.

(b) As used in this subsection, "operations" means services involving transportation, payroll, student records, auditing, legal services, insurance, printing, investment and other similar services.

Passed by House February 20, 2025

Repassed by House June 12, 2025

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Timothy G. Sekerak, Chief Clerk of House

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Julie Fahey, Speaker of House

Passed by Senate June 10, 2025

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Rob Wagner, President of Senate

Received by Governor:

.....M.,....., 2025

Approved:

.....M.,....., 2025

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Tina Kotek, Governor

Filed in Office of Secretary of State:

.....M.,....., 2025

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Tobias Read, Secretary of State