



Memo

To: Lane County Board of Commissioners

Date: February 24, 2010

Agenda Date: February 24, 2010

From: Anette Spickard, County Assessor

Re: Response to February 23, 2010 email list of questions from Commissioner Handy

1) Please provide a list of all the programs like tax breaks, incentives, and subsidies that have an impact on Lane County Revenue. Please include the dollar amounts per year per program for the last five years and a projection for 10/11. Also please be sure to include a description of the BCC's role in approving each program, and the process if we have one, or indicate if we don't.

Response: See attached listing of all property tax exemption and special assessment programs with corresponding ORS authority, year enacted, purpose of program, and estimated statewide amount of value impact. This data is from the State of Oregon Tax Expenditure Report for 2007-09. The report is prepared at the end of each biennium.

All property tax exemptions and special assessment programs are set by state law. Each law spells out what, if any, authority the local tax districts have in the administration of the program. There are approximately 125 exemption and special assessment programs allowed by the state. New exemption programs, amendments to existing programs, extensions of program sunset dates occur every session of the legislature. Rarely is an exemption eliminated once established by the legislature.

A comprehensive review of the 125 programs would be needed to compile the data on the BCC's statutory role in approving each program, your process, five year history etc. There was not sufficient time allowed to compile the data before this meeting.

2) Assuming there is a "public benefit" anticipated in exchange for each public subsidy (URD, enterprize zones etc.), please describe and/or quantify what the "benefit" is for each program as well as who at Lane County is responsible for monitoring and documenting the "public benefit?" Where can that information be reviewed?

Response: Each property tax exemption and special assessment program has a public benefit purpose defined by the legislature. The intended purpose and beneficiaries are found in the statute and in the state's Tax Expenditure Report.

For example, the Oregon statutes define the purpose of the enterprise zone program...to stimulate and protect economic success by providing tax incentives for employment, business, industry and commerce. Because the primary public benefit provided by the EZ program is job creation, businesses that receive tax exemptions must comply with the job creation requirements included in the state statutes. In order to receive the tax exemption, businesses must submit an annual claim to Assessment & Taxation which requires compliance with the job creation requirements during the entire period of exemption. Under state statutes, the county assessor is given the authority to disqualify the property from tax exemption if a company is not meeting the job creation requirement. If disqualification occurs during a tax exemption period, the property may no longer receive an exemption and is also subject to repayment of taxes that have been exempted for that period. Repaid taxes are distributed to the various taxing districts that would have received the tax payments.

The county jointly sponsors the West Eugene Enterprise Zone and the Springfield Enterprise Zone and had a policy making role in the creation of the local criteria for business to qualify for each zone at the time the zone was established. The Springfield Zone expires this year. The West Eugene Zone expires in five years. The county will need to work with the two city councils if it wishes to continue to jointly sponsor the zones and submit new applications to the state to continue the zones. The application process is the time at which the county can influence the local criteria for the zone. The cities also have the option to establish zones that are solely within their city boundaries which would eliminate any required county involvement.

3) Who audits the benefits/costs of these programs so we can track what works and what doesn't? What recourse does the BCC have in event no public benefit can be demonstrated?

Response: The state legislature is the responsible entity for monitoring and evaluating overall results of exemption and special assessment programs. Each county reports annual data on property tax exemptions and special assessments to the Department of Revenue who in turn provides reports and analysis to the legislature. The legislature has commissioned special studies on specific programs, such as the 2009 report on Enterprise Zone and Business Incentive programs and the 2009 review of the Small Tract Forestland program.

The state legislature receives and reviews the biennial Tax Expenditure Report each session and conducts special studies of individual exemptions and reevaluates programs as sunset dates approach. These reports are available from the Legislative Revenue office.

The BCC can also commission its own study of any exemption or special assessment program at the local level.

On an administrative level, the Assessor is responsible for reviewing all applications made by taxpayers requesting a tax exemption and follows the required statutory criteria in granting or denying the applications. The Assessor's office inspects property and audits accounts to verify that they are still in qualifying use and meeting the requirements of the law. If not, the Assessor disqualifies them from the program. Exemption denials and disqualifications are appealable to the state Tax Court.

The recourse the BCC has if they are dissatisfied with any exemption program is to request legislation to amend or eliminate the program.

4) The report shows how much revenue the county loses from the general fund to Eugene's two URD's. What would the lost revenue be in 10/11 or 11/12 if the City of Eugene proceeds to increase the spending limit in the Downtown URD by at least 53 million to 67 million as is presently being considered? Is this the max they can increase it according to the new state law? If the city of Eugene is planning to use the Riverfront URD to fund ORI or other projects in that district, what is that spending limit and how would that impact our revenue lost figure?

Response: The amount of an Urban Renewal plan's spending limit has no correlation to the division of tax calculation. The calculation is based on the frozen and assessed values of the plan area. The amount of each tax district's rate subject to division of tax will change each year as the assessed value of the plan area changes. Any new construction completed within the plan area will contribute to the growth in the assessed value of the area and contribute to the division of tax calculation. For specific information on future planned projects and spending limits, please contact the Urban Renewal Agency directly. That information is not reported to the assessor's office.

Mr. Fodor's report estimated the URD "loss" (or division of tax) to the county on page 4. The actual division of tax was: Coburg \$30,452; Eugene Downtown \$157,046; Eugene Riverfront \$54,675; Florence \$28,635; Glenwood \$26,821; Springfield Downtown \$20,496; and Veneta \$49,364 for a total loss in FY 2009-10 of \$367,579. These amounts are listed on the Table 4e's on our website.

5) What about Springfield's newly adopted downtown URD which is over 400 acres and the Glenwood URD, what is the status with those programs and what is the likely impact on our revenues if they proceed with projects? What is the maximum indebtedness of those URD's and what is the status of the other Lane Co. URD's?

Response: As explained in #4 above, the impact of projects completed in the plan area is that any new assessed value created by new construction will contribute to the division of tax calculations.

With respect to Springfield's Urban Renewal plan areas, the county has two seats on the governing board of SEDA and has direct influence on the number, type, and status of the projects. The city of Springfield provided the following information regarding its plans:

	Glenwood	Spfd Downtown
Frozen Base	\$105,384,196	\$124,231,412
Max. Indebtedness	\$32,860,000	\$43,010,000
Revenue FY08	\$196,400	\$48,500
Formation	Jan 2005	Jan 2008
Expected Plan duration:	20 years	19 years
Community approval vote:	72%	~60%

SEDA/Urban Renewal Agency: Lane County Co-sponsor of Glenwood UR Plan

If the BCC would like similar information on the other 5 plans in the county, I can request that for you or county administration can request that information from each of the cities.

Urban Renewal Areas in Lane County

In Lane County, we now have 7 urban renewal areas and one being considered for formation in Lowell.

Plan	Standard or Reduced Rate Plan
Coburg	Standard
Eugene – Downtown	Reduced Rate*
Eugene – Riverfront	Standard
Veneta	Reduced Rate*
Springfield – Glenwood	Reduced Rate*
Florence	Reduced Rate*
Springfield – Downtown	Reduced Rate*

*Bonds and local options passed on or after 10/06/01 do not contribute to Reduced Rate Plans.

Frozen Values vs Excess Values for 2009-10 Tax Year

UR Plan Area	Frozen Value	Excess Value
Coburg	15,462,696	23,804,927
Eugene Riverfront	50,609,448	42,944,043
Eugene Downtown	31,386,991	123,593,045
Veneta	7,028,892	38,711,622
Glenwood	105,384,196	21,077,950
Florence	82,903,810	22,422,460
Spfld Downtown	124,231,412	16,122,225

6) Back in 1998/99 the owner of Shilo Inn's in Portland sued Multnomah Co because he was overcharged in the calculation of his URD tax obligation. He won and the lawyer in the case said that many businesses and/or entities were likely being overcharged but that the formulas were so complex no one knew they were paying too much. Is it possible that businesses in Lane County are overpaying? Who at the county does the specific calculation and how is it made, and what data is it based on?

Response: The Shilo Inn case was much more complicated than what is described above. The ruling changed the way Urban Renewal levies are categorized for Measure 5 limitation purposes on individual accounts. The division of tax and urban renewal rate setting calculations are specified in state statute and administrative rule. Those laws and rules incorporate this court decision and have been implemented by assessors across the state since the effective date of the decision. The calculations are performed by the assessor as part of the annual creation of the tax roll. The urban renewal rate is extended against the taxable assessed value of all affected accounts the same as any other tax rate. Then Measure 5 "compression" analysis is performed on every account. Any rate compression that must occur on an account to comply with Measure 5 limitations is done by statutory formula. As a result of Shilo, all compression created by urban renewal levies is accounted for under the general government category in order to hold education levies harmless.

If a property owner has a question about how the taxes were calculated on their account, they can contact my office and we will walk them through it. Errors in tax rates or tax bill calculations are very rare. Errors or omissions from the tax roll are usually related to the physical characteristics of a property that may be different from what is in our records

which in turn could affect the property's value. Those are corrected as discovered. Those changes may or may not change the property's assessed value and may or may not generate a tax refund. M5 limitations are recalculated on corrected accounts to determine if any refund is due. Account corrections do not change the tax rates applied to the account. Rates are set at certification.

7) Demonstrate how the calculation is done to determine the tax shifted to the URD using a residential and a commercial example. Demonstrate in a memo for the BCC how the formula is applied and the calculation is done.

Response: See attached

8) Please give us a memo interpreting how HB 3056 has changed URD's and what all the ways it applies to the largest URD's in Lane County., Eugene's and Springfield's. Does it mean that if there is no spending limit in place they cannot divert taxes to the URD, or does it mean that if there is no outstanding debt for a project they cannot divert taxes to URD's? Please describe explicitly what it means for each of those 4 URD's.

Response: See attached DOR summary of HB3056 and actual bill. This law only applies to new plans or plans that are substantially amended after January 1, 2010. It does not apply to any of the existing plans at this time.

9) Re: HB 3056: How will it effect each URD in Lane County? How would this effect URD's that have a debt limit but no debt? If there is no debt does that district have to refund to the taxing districts the division of tax going to the URD? Do the "possible" stockpiles of money in that URD have to be refunded too?

Response: See attached as above.

10) Eugene's URD has a fund with about 10 or 11 million in it that is the result of over-collecting for the library debt, and other things. If they do not increase the spending limit do all the overlapping districts get their portion of that money back, and do we get interest on it?

Response: See attached email from city of Eugene

Q # 1

Table 1: Index of Tax Expenditures by Tax Program (cont.)

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)	
				2005-07	2007-09
1.189 Workers' Compensation Assessments	Consumer and Business Services	1995	317.122(2)	2,200	1,600
1.190 Oregon Life and Health IGA Assessments	Consumer and Business Services	1975	734.835	100	100
1.191 Political Contributions	Government	1969	316.102	11,600	11,900
1.192 Personal Exemption	Social Policy	1985	316.085	878,200	924,100
1.193 Oregon Cultural Trust	Social Policy	2001	315.675	3,300	3,700
1.194 Retirement Income	Social Policy	1991	316.157	2,000	1,600
<i>Other</i>					
1.195 Expatriate Residential Status	Economic/Community	1999	316.027	1,800	1,900
1.196 Public Warehouse Sales Throwback Exemption	Economic/Community	2005	314.665	Less than 50	Less than 50
1.197 Income Averaging for Farmers	Natural Resources	2001	314.297	300	400
1.198 Capital Gains from Farm Property	Natural Resources	2001	318.020/317.063	1,000	1,100
1.199 Apportionment for Certain Forest Product Companies	Natural Resources	2003	314.650(2)	Not available	Not available
1.200 Apportionment for Utility and Telecommunication Companies	Consumer and Business Services	2001	314.280	500	600
1.201 Title 10 Active Duty Death	Social Policy	2005	314.088	Less than 50	Less than 50
1.202 Single Sales Factor Corporate Apportionment	Economic/Community	2003	314.650	77,600	65,600

PROPERTY TAX

Full

2.001 Academies, Day Care, and Student Housing	Education	1957	307.145	14,600	15,800
2.002 Student Housing Furnishings	Education	1957	307.195	100	100
2.003 Leased Student Housing Publicly Owned	Education	1947	307.110(3)(a)	8,700	9,600
2.004 Higher Education Parking Space	Education	1989	307.095(3)	4,200	4,300
2.005 Private Libraries for Public Use	Education	1854	307.160	Less than 50	Less than 50
2.006 Leased Health Care Property	Human Services	1999	307.110(3)(h)	Less than 50	Less than 50
2.007 Senior Services Centers	Human Services	1993	307.147	200	200
2.008 Commercial Buildings Under Construction	Economic/Community	1959	307.340	4,900	5,000
2.009 Construction -in-Process in an Enterprise Zone	Economic/Community	2003	285C.170	Incl. in 2.008	Incl. in 2.008
2.010 Enterprise Zone Businesses	Economic/Community	1985	285C.175	26,100	30,800
2.011 Long-Term Rural Enterprise Zone (Property Tax)	Economic/Community	1997	285C.406	2,200	2,600
2.012 Centrally Assessed Electricity Generating Facility in an Enterprise Zone	Economic/Community	2003	Note: 285C.175	0	0
2.013 Electronic Commerce Enterprise Zone (Property Tax)	Economic/Community	2001	285C.185	Incl. in 2.010	Incl. in 2.010
2.014 Rural Renewable Energy Development Zone	Economic/Community	2003	285C.362	0	800
2.015 Inventory	Economic/Community	1969	307.400	410,400	434,000
2.016 Business Personal Property Cancellation	Economic/Community	1979	308.250(2)	5,000	5,900
2.017 Cargo Containers	Economic/Community	1979	307.835	300	400
2.018 Leased Docks and Airports	Economic/Community	1947	307.120	8,500	10,000
2.019 Leased Publicly Owned Shipyard Property	Economic/Community	1995	307.111	3,300	3,700
2.020 Ship Repair Facility Materials	Economic/Community	1957	308.256(7)	0	0
2.021 Aircraft Being Repaired	Economic/Community	1995	308.559	0	0
2.022 Railroad Cars Being Repaired	Economic/Community	1973	308.665	0	0
2.023 Federal Land Under Recreation Facility	Economic/Community	1975	307.182	1,300	1,300
2.024 Defense Contractor With Federal Property	Economic/Community	1965	307.065	0	0
2.025 Federal Land Under Summer Homes	Economic/Community	1975	307.183/307.184	1,000	1,200
2.026 Housing Authority Rental Units	Economic/Community	1937	307.092	19,900	22,200
2.027 Nonprofit Elderly Housing State Funded	Economic/Community	1977	307.242	0	0
2.028 Farm Labor Housing and Day Care Centers	Economic/Community	1973	307.485	400	400
2.029 Fairground Leased Storage Space	Economic/Community	1987	307.110(3)(d)(e)	Less than 50	Less than 50
2.030 Industry Apprenticeship/Training Trust	Economic/Community	1983	307.580	400	400
2.031 Food Processing Equipment	Natural Resources	2005	307.455	900	1,900

Q#1

Table 1: Index of Tax Expenditures by Tax Program (cont.)

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)	
				2005-07	2007-09
2.032 Farm Machinery and Equipment (Property Tax)	Natural Resources	1973	307.394	53,200	55,600
2.033 Mobile Field Incinerators	Natural Resources	1971	307.390	Less than 50	Less than 50
2.034 Crops, Plants, and Fruit Trees	Natural Resources	1957	307.320	16,700	17,900
2.035 Agricultural Products Held by Farmer	Natural Resources	1965	307.325	200	200
2.036 Nursery Stock	Natural Resources	1971	307.315	6,600	7,100
2.037 Leased Public Farming and Grazing Land	Natural Resources	1971	307.110(3)(b)	Incl. in 2.070	Incl. in 2.070
2.038 Leased Federal Grazing Land	Natural Resources	1961	307.060	Incl. in 2.085	Incl. in 2.085
2.039 Oyster Growing on State Land	Natural Resources	1969	622.290	Less than 50	Less than 50
2.040 Center Pivot Irrigation Equipment	Natural Resources	1973	307.398	Incl. in 2.032	Incl. in 2.032
2.041 Other Farm/Aquaculture/Egg Equipment	Natural Resources	1973	307.397	Incl. in 2.032	Incl. in 2.032
2.042 Field Burning Smoke Management Equipment	Natural Resources	1973	307.391	Less than 50	Less than 50
2.043 Nonprofit Sewage Treatment Facilities	Natural Resources	1997	307.118	Less than 50	Less than 50
2.044 Property Used for Golf Course and Effluent	Natural Resources	2001	Note: 307.118	100	100
2.045 Riparian Habitat Land	Natural Resources	1981	308A.362	100	100
2.046 Environmentally Sensitive Logging Equipment	Natural Resources	1999	307.827/307.831	2,200	2,300
2.047 Crab Pots	Natural Resources	1969	508.270	300	300
2.048 Federal Standing Timber Under Contract	Natural Resources	1965	307.050	5,600	5,400
2.049 State and Local Standing Timber Under Contract	Natural Resources	1965	307.100	2,300	2,300
2.050 Western Private Standing Timber	Natural Resources	1977	321.272	399,300	415,000
2.051 Eastern Private Standing Timber	Natural Resources	1961	321.829	38,800	40,300
2.052 Private Farm and Logging Roads	Natural Resources	1963	308.236	33,700	36,100
2.053 Forest Fire Protection Association	Natural Resources	1957	307.125	300	300
2.054 Inactive Mineral Interests	Natural Resources	1997	308.115	200	200
2.055 Leased State Land Board Land	Natural Resources	1982	307.168	1,800	1,900
2.056 Small Watercraft	Natural Resources	1959	830.790(2)	30,100	30,700
2.057 Mining Claims on Federal Land	Natural Resources	1889	307.080	100	200
2.058 Nonprofit Public Park Use Land	Natural Resources	1971	307.115	200	200
2.059 Railroad Right of Way Used for Alternative Transport	Transportation	1977	307.205	0	0
2.060 Motor Vehicles and Trailers	Transportation	1919	803.585	710,300	748,500
2.061 ODOT Land Under Use Permit	Transportation	1981	307.110(3)(c)	Less than 50	Less than 50
2.062 Nonprofit Water Associations	Consumer and Business Services	1937	307.210	200	200
2.063 Nonprofit Electrical Distribution Associations	Consumer and Business Services	1943	308.805	8,600	9,200
2.064 Nonprofit Telephone Associations	Consumer and Business Services	1941	307.220	0	0
2.065 Private Service Telephone Equipment	Consumer and Business Services	1941	307.230	Less than 50	Less than 50
2.066 FCC Licenses	Consumer and Business Services	2001	307.126	6,100	6,400
2.067 Intangible Personal Property	Tax Administration	1935	307.030	10,013,800	11,145,600
2.068 Personal Property for Personal Use	Tax Administration	1854	307.190	667,800	725,100
2.069 Beverage Containers Requiring Deposit	Tax Administration	1983	307.402	100	100
2.070 State and Local Property	Government	1854	307.090	1,460,300	1,638,000
2.071 Beach Lands	Government	1969	307.450	Not available	Not available
2.072 Local Government Public Ways	Government	1895	307.200	Not available	Not available
2.073 NW Intertie Exemption	Government	2005	307.090	800	800
2.074 Tribal Land Being Placed in U.S. Trust	Government	1993	307.181	5,000	5,000
2.075 Charitable, Literary, and Scientific Organizations	Social Policy	1854	307.130	87,800	93,200
2.076 Fraternal Organizations	Social Policy	1961	307.136	8,200	9,100
2.077 Religious Organizations	Social Policy	1854	307.140	88,600	93,000
2.078 Cemeteries, Burial Grounds, and Mausoleums	Social Policy	1854	307.150	6,100	6,300
2.079 Transfer of Land from Cemetery to School	Social Policy	2001	307.157	200	300
2.080 Exempt Lease from Taxable Owner	Social Policy	1977	307.112	Incl. elsewhere	Incl. elsewhere
2.081 Exempt Lease from Exempt Owner	Social Policy	1973	307.166	Incl. elsewhere	Incl. elsewhere
2.082 City-Owned Sports Facility	Social Policy	2001	307.171	800	900
2.083 Convention Facilities	Social Policy	1985	263.290	0	0

Q#1

Table 1: Index of Tax Expenditures by Tax Program (cont.)

Tax Expenditure	Program or Function	Year Enacted	Oregon Statute	Revenue Impact (\$ Thousands)	
				2005-07	2007-09
2.084 LLC Owned by Nonprofit Corporation	Social Policy	2005	307.022	100	100
2.085 Federal Property	Federal Law	1848	307.040	2,339,300	2,545,400
2.086 Indian Property on Reservation	Federal Law	1854	307.180	Not available	Not available
2.087 Amtrak Passenger Railroad	Federal Law	1983	308.515	300	300
<i>Partial</i>					
2.088 Fraternities, Sororities, and Cooperatives	Education	1973	307.460	400	400
2.089 Rural Health Care Facilities	Human Services	2001	307.804	Less than 50	Less than 50
2.090 Long-Term Care Facilities	Human Services	1999	307.808	100	100
2.091 Strategic Investment Program (SIP)	Economic/Community	1993	307.123	119,300	128,500
2.092 Vertical Housing Development Zone	Economic/Community	2001	285C.450	Less than 50	Less than 50
2.093 New Houses in Distressed Area	Economic/Community	1989	307.664	6,300	6,800
2.094 Rehabilitated Housing	Economic/Community	1975	308.459	800	900
2.095 Multi-Family Rental Housing in City Core	Economic/Community	1975	307.612	11,100	13,300
2.096 Low-Income Multi-Unit Housing	Economic/Community	1999	307.612	Incl. in 2.095	Incl. in 2.095
2.097 New Housing for Low-Income Rental	Economic/Community	1989	307.517/307.518	1,100	1,200
2.098 Nonprofit Low-Income Rental Housing	Economic/Community	1985	307.541	13,100	15,800
2.099 Disabled War Veterans or Their Spouses	Economic/Community	1921	307.250	28,400	31,300
2.100 War Veterans in Nonprofit Elderly Housing	Economic/Community	1969	307.370	100	100
2.101 Pollution Control Facilities	Natural Resources	1967	307.405	100	100
2.102 Ethanol Production Facility	Natural Resources	1993	307.701	Less than 50	Less than 50
2.103 Alternative Energy Systems	Natural Resources	1975	307.175	1,200	1,500
2.104 Watercraft Centrally Assessed	Natural Resources	1925	308.515	Not available	Not available
2.105 Historic Property	Natural Resources	1975	358.505	27,700	29,000
2.106 Aircraft	Transportation	1987	308.558/308.565	9,700	10,500
2.107 Railroad Right of Way in Water District	Social Policy	1943	264.110	Less than 50	Less than 50
2.108 Railroad Right of Way in Highway Lighting District	Social Policy	1947	372.190	Less than 50	Less than 50
2.109 Railroad Right of Way in Rural Fire District	Social Policy	1969	478.010(2)(d)	600	700
2.110 Destroyed or Damaged Property	Social Policy	1971	308.425, 308.428	Less than 50	Less than 50
2.111 Homestead Exemption for Federal Active Duty Military Servicemembers	Social Policy	2005	307.286	Less than 50	Less than 50
<i>Special</i>					
2.112 Nonprofit Housing for the Elderly	Economic/Community	1969	308.490	Less than 50	Less than 50
2.113 Multi-Unit Rental Housing	Economic/Community	2001	308.704	4,300	4,700
2.114 Watercraft Locally Assessed	Natural Resources	1925	308.256	2,500	2,600
2.115 Wildlife Habitat	Natural Resources	1993	308A.400	600	600
2.116 Forest Homesites	Natural Resources	1989	308A.256	9,000	12,000
2.117 Western Private Forestland	Natural Resources	1977	321.354	47,200	55,100
2.118 Eastern Private Forestland	Natural Resources	1971	321.833	3,700	3,700
2.119 Small Tract Forestland Option	Natural Resources	2003	321.722	23,300	28,200
2.120 Farm Land	Natural Resources	1967	308A.050	179,400	183,000
2.121 Farm Homesites	Natural Resources	1987	308A.253	6,800	7,000
2.122 Open Space Land	Natural Resources	1971	308A.300	1,000	1,000
GAS, USE, JET AND AVIATION FUEL TAXES					
3.001 Forest Products – Gasoline	Natural Resources	1945	319.320(1)(b,d)	0	0
3.002 Forest Products – Other than Gasoline	Natural Resources	1965	319.831(1)(c,g)	0	0
3.003 Fuel for Aircraft Departing U.S.	Tax Administration	1959	319.330(2)	Less than 50	Less than 50
3.004 Public Services	Government	1961	319.831(1)(e-f, h-k)	10,500	10,500
3.005 Public Transportation	Government	1969	267.200/ 267.570(2)	2,700	3,700

Urban Renewal Calculations

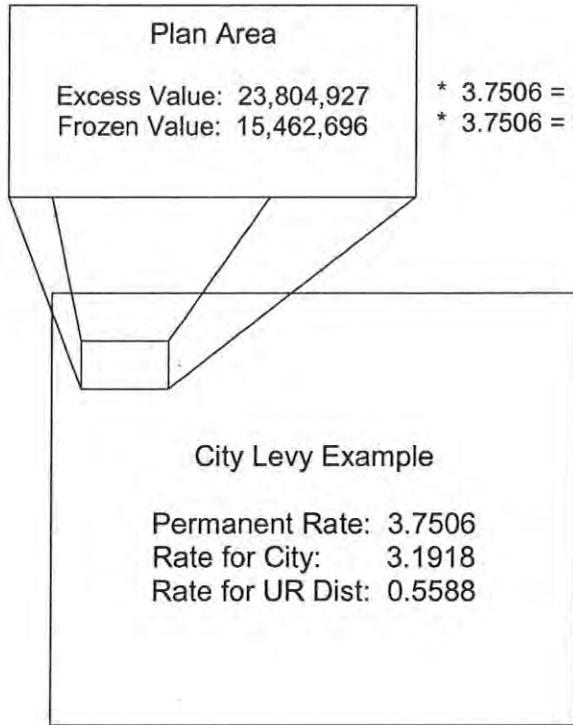
1. Establish the frozen base, which is the taxable value of the plan area at the time the district is established.
2. Create new tax code areas for only the properties within the plan area.
3. Identify the tax code areas that have shared value.
4. Identify the levies which will be contributing to the urban renewal district.
5. Calculate the district billing rate and tax for extension for each contributing levy:
 - a. Calculate the total assessed value of the district
 - b. Subtract the urban renewal excess value
 - c. Multiply the sum of the above by the certified tax rate divided by 1,000. The result is the amount the rate will raise.
6. Calculate the urban renewal rate – division of tax for each contributing levy:
 - a. Add the shared value to the plan area value
 - b. Calculate the excess value by subtracting the plan area frozen value from the plan area taxable value
 - c. Calculate the amount the division of tax will raise by multiplying the excess value by the levy rate
 - d. Divide result from **f** by the shared value to get the division of tax rate
 - e. Multiply the result of **g** by the shared value to get the amount the urban renewal rate will raise
 - f. Calculate the truncation loss, which is the difference between the full amount of what will be raised for the division of tax and what it will be when truncated to 7 digits. The result is added back to the district.
7. Determine the tax for extension for each district:
 - a. To the amount calculated in **4c**, add the truncation loss calculated in **5f**.

Shared property (shared value) is property that is both within a taxing district that overlaps an urban renewal plan area and within the boundaries of a municipality that activated an urban renewal agency.

In Lane County, we 2 standard rate plans and 5 reduced rate plans. In standard rate plans, all levies contribute to the urban renewal district. In reduced rate plans, bonds and local options passed after 10/6/01 do not contribute.

Excess value means the value obtained by subtracting the frozen value in a plan area from the total assessed value in a plan area calculated tax code area by tax code area.

Example of UR Division of Tax Calculation for one levy. This is repeated for all affected levies.



* 3.7506 = \$89,282 (UR district gets)
* 3.7506 = \$57,994 (City gets)

Step 1: Calculate the amount that the Excess Value in the Plan Area will raise

.....89,282

Step 2: Establish the Taxable Value of the entire district

.....159,769,263

Step 3: Divide the amount in Step 1 by the value in Step 2 (*1000)

.....0.5588

Step 4: Extend these rates to all shared property of the UR plan area and the sponsoring city.



TCA Number 00400

Levy #	Levy Name	Levy Rate
6663	P City of Eugene	7.0058
6669	P Eugene School District Bond I	0.5808
6678	P Lane County	1.2793
6679	P Lane County Bond	0.1178
6699	P City of Eugene Bond I	0.3287
6742	P Eugene School District	4.7485
6747	P Lane Community College	0.6191
6749	P Lane Education Service Dist	0.2232
6781	Eugene Urban Renewal Downtown	0.0000
6782	Eugene Urban Renewal Riverfront	0.0000
6797	P Eugene School District LO	1.5000
6803	P Eugene School District Bond II	0.8121
6804	P City of Eugene Bond II	0.8594
6817	P City of Eugene - LO Library	0.2318
6963	P Lane Community College Bond (II)	0.2343
Total Tax Rate:		18.5408

Parent Levy # and name	Child Levy #	Child Levy Name	Levy Rate
6663 P City of Eugene	7223	UR1 P City of Eugene	0.0744
	7236	UR2 P City of Eugene	0.0258
	7169	CE City of Eugene	6.9056
	Total		7.0058
6669 P Eugene School District Bond I	7206	CE Eugene School District Bond I	0.5707
	7220	UR1 P Eugene School District Bond I	0.0075
	7230	UR2 P Eugene School District Bond I	0.0026
	Total		0.5808
6678 P Lane County	7221	UR1 P Lane County	0.0135
	7233	UR2 P Lane County	0.0047
	7144	CE Lane County	1.2611
	Total		1.2793
6679 P Lane County Bond	7216	UR1 P Lane County Bond	0.0012
	7224	UR2 P Lane County Bond	0.0004
	7197	CE Lane County Bond	0.1162
	Total		0.1178
6699 P City of Eugene Bond I	7145	CE City of Eugene Bond I	0.3241
	7218	UR1 P City of Eugene Bond I	0.0034
	7228	UR2 P City of Eugene Bond I	0.0012
	Total		0.3287
6742 P Eugene School District	7235	UR2 P Eugene School District	0.0214

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	7222	UR1 P Eugene School District	0.0618	
	7179	CE Eugene School District	4.6653	
Total				4.7485
6747 P Lane Community College				
	7198	CE Lane Community College	0.6104	
	7219	UR1 P Lane Community College	0.0065	
	7229	UR2 P Lane Community College	0.0022	
Total				0.6191
6749 P Lane Education Service Dist				
	7164	CE Lane Education Service Dist	0.2201	
	7217	UR1 P Lane Education Service Dist	0.0023	
	7225	UR2 P Lane Education Service Dist	0.0008	
Total				0.2232
6797 P Eugene School District LO				
	7200	CE Eugene School District LO	1.4933	
	7234	UR2 P Eugene School District LO	0.0067	
Total				1.5000
6803 P Eugene School District Bond II				
	7232	UR2 P Eugene School District Bond II	0.0036	
	7167	CE Eugene School District Bond II	0.8085	
Total				0.8121
6804 P City of Eugene Bond II				
	7173	CE City of Eugene Bond II	0.8563	
	7231	UR2 P City of Eugene Bond II	0.0031	
Total				0.8594
6817 P City of Eugene - LO Library				
	7174	CE City of Eugene - LO Library	0.2310	
	7226	UR2 P City of Eugene - LO Library	0.0008	
Total				0.2318
6963 P Lane Community College Bond (II)				
	7227	UR2 P Lane Community College Bond	0.0008	
	7185	CE Lane Community College Bond (II)	0.2335	
Total				0.2343
				18.5408

	Total Child Tax Rate:	18.5408
	Total Levies W/O Children Rate:	0.0000
Total Parent Tax Rate:	18.5408	Total Tax Rate: 18.5408

Q #8 + 9

New Law Summary

Bill Number	HB 3056	Chapter	88	Oregon Laws 2009
ORSs Changed	457.010 to 457.460			
Effective Date	January 1, 2010			
Applies to *	Urban renewal plans adopted or substantially amended after effective date.			
DOR Contact	Lee Peterson			
Summary	Limits urban renewal (UR) plan's maximum indebtedness. Changes criteria for ending division of tax (DOT). Allows plan to certify each year an amount less than full increment value to use in calculating DOT, releasing some of the increment for use in calculating the taxes of the taxing districts. Allows plan to permanently increase frozen value certified under ORS 457.430. Establishes limitations on amount of DOT and requires UR agencies to notify assessor of the increment value to use to raise that amount of DOT, with the rest of the increment being returned to the taxing districts.			
Section by Section Summary				

Section	Old Law	New Law
4	<p>ORS 457.440 requires assessor to extend the maximum amount of division of tax that can be raised using the full increment value (with the exception of Option 3 plans, that take a set amount of DOT each year).</p> <p>UR agency certifies UR taxes to the assessor.</p>	<p>ORS 457.440 amended to require plans new after effective date, or plans that are substantially amended to increase maximum indebtedness, to certify a lesser amount of increment to use, so as to limit DOT as provided in Section 10, releasing some value back to the taxing districts, for use in calculating their taxes.</p> <p>Any plan may certify a lesser amount of increment value to use, as provided in Section 7.</p> <p>City of Portland may act in lieu of its UR agency to certify UR taxes to assessor.</p>
5	<p>ORS 457.450 requires UR agency to notify assessor when a plan's indebtedness has been fully paid or when</p>	<p>ORS 457.450 amended to require the notice to the assessor when a plan's maximum indebtedness has been fully paid or when enough has</p>

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	enough has been accumulated to pay it off. Division of tax stops.	been accumulated to pay it off. Division of tax stops.
7	No provision	<p>UR agency may notify assessor to use less than full amount of increment for computing DOT for a plan in a given year, if full DOT is not needed to pay debt.</p> <p>UR agency may notify assessor to permanently increase frozen value for a plan, as certified in the statement under ORS 457.430.</p> <p>In either case, increment value is released back to the taxing districts, for use in calculating their taxes.</p>
10	No provision	<p>Establishes annual limitations: Beginning in 11th year of plan or when DOT exceeds a certain percentage of maximum indebtedness, agency must notify assessor of amount of increment to use to calculate DOT so as to reduce DOT to certain limits. Limitations also apply if plan is substantially amended to increase maximum indebtedness. Amount of increment to use may vary each year. Remainder of increment released to the taxing districts.</p> <p>Limitations do not apply upon concurrence of the taxing districts imposing 75% of the permanent rate taxes in the plan area.</p> <p>Annual limitations do not affect frozen value certified under ORS 457.430</p> <p>If increment to use that is certified by agency is more than actual increment, assessor must use actual increment.</p> <p>DOR to adopt rules to apportion value among code areas when plan certifies increment value to use for</p>

Q#8+9

		DOT less than full increment value.
11	No provision	That portion of Portland Public School District's permanent rate that was added when the district's gap bonds were paid off (\$0.5038) is not included in the consolidated billing rate divided for reduced rate plans.

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Q#8+9

Enrolled
House Bill 3056

Sponsored by Representatives HUNT, HOLVEY

CHAPTER

AN ACT

Relating to urban renewal; creating new provisions; and amending ORS 457.010, 457.190, 457.220, 457.420, 457.440, 457.450 and 457.460.

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

SECTION 1. ORS 457.190 is amended to read:

457.190. (1) An urban renewal agency may borrow money and accept advances, loans, grants and any other form of financial assistance from the federal government, the state, county or other public body, or from any sources, public or private, for the purposes of undertaking and carrying out urban renewal projects.

(2) An urban renewal agency may do all things necessary or desirable to secure such financial aid, including obligating itself in any contract with the federal government for federal financial aid to convey to the federal government the project to which the contract relates upon the occurrence of a substantial default thereunder, in the same manner as a housing authority may do to secure such aid in connection with blighted area clearance and housing projects under the Housing Authorities Law.

(3)(a) Each urban renewal plan adopted by ordinance on or after July 14, 1997, that provides for a division of taxes pursuant to ORS 457.440 shall include in the plan the maximum amount of indebtedness that may be issued or incurred under the plan. Notwithstanding subsection (1) of this section, if a maximum amount of indebtedness is not included in the plan, the urban renewal agency may not issue indebtedness for which taxes divided under ORS 457.440 are to be pledged to carry out the plan.

(b) Each urban renewal plan adopted by ordinance on or after December 6, 1996, and before July 14, 1997, that provides for a division of taxes pursuant to ORS 457.440 but does not include a maximum amount of indebtedness that may be issued or incurred under the plan shall be changed, by substantial plan amendment pursuant to ORS 457.220, to include the maximum amount of indebtedness that may be issued or incurred under the plan before July 1, 2000. Notwithstanding subsection (1) of this section, if a maximum amount of indebtedness is not included in the plan on or before July 1, 2000, the urban renewal agency may not on or after July 1, 2000, issue indebtedness for which taxes divided under ORS 457.440 are to be pledged to carry out the plan.

(c)(A) Each existing urban renewal plan that provides for a division of taxes pursuant to ORS 457.420 to 457.460 may be changed by substantial amendment no later than July 1, 1998, to include a maximum amount of indebtedness that may be issued or incurred under the plan determined as described in subparagraph (B) of this paragraph. The additional notices required under ORS 457.120 are not required for an amendment adopted pursuant to this paragraph.

(B) The maximum amount of indebtedness that may be issued or incurred under the plan, as determined for purposes of meeting the requirements of this paragraph, shall be based upon good faith estimates of the scope and costs of projects, including but not limited to increases in costs due to reasonably anticipated inflation, in the existing urban renewal plan and the schedule for their completion as completion dates were anticipated as of December 5, 1996. The maximum amount of indebtedness shall be specified in dollars and cents.

(C) Notwithstanding subsection (1) of this section, if a maximum amount of indebtedness is not adopted for an existing urban renewal plan as described in this paragraph before July 1, 1998, the urban renewal agency may not collect funds under ORS 457.435.

(4) For an urban renewal plan initially approved on or after the effective date of this 2009 Act, other than for a large metropolitan plan as defined in section 10 of this 2009 Act, the initial maximum indebtedness that may be issued or incurred under the plan shall be established as follows:

(a) If the total assessed value in the certified statement under ORS 457.430 is less than or equal to \$50 million, the initial maximum indebtedness may not exceed \$50 million.

(b) If the total assessed value in the certified statement is more than \$50 million and less than or equal to \$150 million, the initial maximum indebtedness may not exceed \$50 million plus 50 percent of the total assessed value in the certified statement that is over \$50 million.

(c) If the total assessed value in the certified statement exceeds \$150 million, the initial maximum indebtedness may not exceed \$100 million, plus 35 percent of the total assessed value in the certified statement that is over \$150 million.

(d) Beginning July 1, 2010, the dollar limits set forth in this subsection may be increased on July 1 of each year by the index used in the urban renewal report to compute the future costs of projects that will be financed under the plan.

(e) The limits in this subsection do not apply if the agency obtains concurrence as provided in section 10 of this 2009 Act.

SECTION 2. ORS 457.220 is amended to read:

457.220. (1) Except for the provisions of [subsection] subsections (2) and (4) of this section, an urban renewal agency shall carry out the urban renewal plan approved under ORS 457.095.

(2) Any substantial change made in the urban renewal plan shall, before being carried out, be approved and recorded in the same manner as the original plan.

(3) No land equal to more than 20 percent of the total land area of the original plan shall be added to the urban renewal areas of a plan by amendments.

(4) On or after the effective date of this 2009 Act, the urban renewal agency may amend a plan that is not a large metropolitan plan as defined in section 10 of this 2009 Act to increase the maximum indebtedness, provided that:

(a) The aggregate of all amendments under this subsection may not exceed 20 percent of the plan's initial maximum indebtedness, as adjusted pursuant to paragraph (b) of this subsection.

(b) For purposes of computing the 20 percent limit on increases in maximum indebtedness, the initial maximum indebtedness may be increased annually on the anniversary date of initial approval of the plan by the index used in the urban renewal report to compute the future costs of projects that will be financed under the plan, beginning on the later of July 1, 1999, or the first anniversary of plan approval. This increase may be applied only to the first amendment to the maximum indebtedness that is made on or after the effective date of this 2009 Act.

(5) The limits in subsection (4) of this section do not apply if the agency obtains concurrence as provided in section 10 of this 2009 Act.

SECTION 3. ORS 457.420 is amended to read:

457.420. (1) Any urban renewal plan may contain a provision that the ad valorem taxes, if any, levied by a taxing district in which all or a portion of an urban renewal area is located, shall be divided as provided in section 1c, Article IX of the Oregon Constitution, and ORS 457.420 to 457.460.

Ad valorem taxes shall not be divided if there is no provision in the urban renewal plan for the division.

(2) No plan adopted after October 3, 1979, shall provide for a division of ad valorem taxes under subsection (1) of this section if:

(a) For municipalities having a population of more than 50,000, according to the latest state census:

(A) The assessed value for the urban renewal areas of the plan, when added to the total assessed value previously certified by the assessor for other urban renewal plans of the municipality for which a division of ad valorem taxes is provided, exceeds a figure equal to 15 percent of the total assessed value of that municipality, exclusive of any increased assessed value for other urban renewal areas **and without regard to adjustments made pursuant to ORS 457.435 (2)(c) or section 7 or 10 (2) to (5) of this 2009 Act;** or

(B) The urban renewal areas of the plan when added to the areas included in other urban renewal plans of the municipality providing for a division of ad valorem taxes, exceed a figure equal to 15 percent of the total land area of that municipality.

(b) For municipalities having a population of less than 50,000, according to the latest state census:

(A) The assessed value for the urban renewal areas of the plan, when added to the total assessed value previously certified by the assessor for other urban renewal plans of the municipality for which a division of ad valorem taxes is provided, exceeds a figure equal to 25 percent of the total assessed value of that municipality, exclusive of any increased assessed value for other urban renewal areas **and without regard to adjustments made pursuant to ORS 457.435 (2)(c) or section 7 or 10 (2) to (5) of this 2009 Act;** or

(B) The urban renewal areas of the plan, when added to the areas included in other urban renewal plans of the municipality providing for a division of ad valorem taxes, exceed a figure equal to 25 percent of the total land area of that municipality.

(3) Property may not be included in more than one urban renewal area.

SECTION 4. ORS 457.440 is amended to read:

457.440. During the period specified under ORS 457.450:

(1) The county assessor shall determine the amount of funds to be raised each year for urban renewal within the county levied by taxing districts in accordance with section 1c, Article IX of the Oregon Constitution, and ORS 457.420 to 457.460.

(2) Not later than July 15 of each tax year, each urban renewal agency shall determine and file with the county assessor a notice stating the amount of funds to be raised for each urban renewal area as follows:

(a) If the municipality that activated the urban renewal agency has chosen Option One as provided in ORS 457.435 (2)(a), the notice shall state that the maximum amount of funds that may be raised by dividing the taxes under section 1c, Article IX of the Oregon Constitution, shall be raised for the agency.

(b) If the municipality that activated the urban renewal agency has chosen Option Two as provided in ORS 457.435 (2)(b), the notice shall state the amount of funds to be raised by the special levy.

(c) If the municipality that activated the urban renewal agency has chosen Option Three as provided in ORS 457.435 (2)(c), the notice shall state the amount of funds to be raised by special levy in addition to the amount to be raised by dividing the taxes as stated in the ordinance adopted under ORS 457.435 (1).

(d) For plans that are initially approved or substantially amended to increase maximum indebtedness on or after the effective date of this 2009 Act, the notice must comply with section 10 of this 2009 Act.

(e) If the agency limits the amount that may be raised by the division of taxes, as provided in section 7 (1) of this 2009 Act, the notice shall comply with section 7 (1) of this 2009 Act.

[(d)] (f) If the plan is not [an existing plan] described in paragraph (a), (b), (c), (d) or (e) of this subsection, the notice shall state that the maximum amount of funds that may be raised by dividing the taxes under section 1c, Article IX of the Oregon Constitution, shall be raised for the agency.

(3) If a municipality has chosen Option Three pursuant to ORS 457.435, the maximum amount of funds that may be raised for an urban renewal agency by dividing the taxes as provided in section 1c, Article IX of the Oregon Constitution, may be limited by the municipality in which the urban renewal agency is located. The decision of the municipality to limit the amount of funds to be included in the notice filed under subsection (2) of this section shall be reflected in the certified statement filed by the urban renewal agency with the county assessor.

(4) Not later than September 25 of each tax year, the assessor of any county in which a joint district is located shall provide, to the assessor of each other county in which the joint district is located, the assessed values of the property in the joint district that is located within the county, including the certified statement value and the increment for each code area containing any urban renewal area located within the joint district, and a copy of the notice filed by the urban renewal agency for the area located within the joint district under subsection (2) of this section.

(5) The maximum amount of funds that may be raised for an urban renewal plan by dividing the taxes as provided in section 1c, Article IX of the Oregon Constitution, shall be computed by the county assessor as follows:

(a) The county assessor shall compute the total consolidated billing tax rate for each code area in which an urban renewal area of the plan is located.

(b) The assessor shall determine the amount of taxes that would be produced by extending the tax rate computed under paragraph (a) of this subsection against the increment of each code area.

(c) The total amount determined for all code areas containing urban renewal areas included within the urban renewal plan is the maximum amount of funds to be raised for the urban renewal plan by dividing the taxes.

(6)(a) *[The maximum amount of funds that may be raised for an urban renewal agency as determined under subsection (5) of this section, or the maximum amount, as determined under subsection (2) of this section, shall be certified by the county assessor to the tax collector. The tax collector]* **The county assessor shall certify to the tax collector the amount of funds to be raised for an urban renewal agency as determined under subsection (2) of this section. The tax collector shall include the amount so certified in the percentage schedule of the ratio of taxes on property prepared under ORS 311.390 and filed with the county treasurer. Notwithstanding ORS 311.395 (6), the county treasurer shall credit the amount to the urban renewal agency and shall distribute its percentage amount to the urban renewal agency as determined by the schedule at the times other distributions are made under ORS 311.395 (7).**

(b) The county assessor shall notify the urban renewal agency of the amounts received under subsection (5) of this section or amounts received pursuant to the notice provided in subsection (2) of this section for each urban renewal plan area. Any amounts received by the urban renewal agency under paragraph (a) of this subsection shall be attributed to the urban renewal plan in which the urban renewal area is included, shall be paid into a special fund of the urban renewal agency for the urban renewal plan and shall be used to pay the principal and interest on any indebtedness issued or incurred by the urban renewal agency to finance or refinance the urban renewal plan.

(7) Unless and until the total assessed value of the taxable property in an urban renewal area exceeds the total assessed value specified in the certified statement, all of the ad valorem taxes levied and collected upon the taxable property in the urban renewal area shall be paid into the funds of the respective taxing districts.

(8) The agency may incur indebtedness, including obtaining loans and advances in carrying out the urban renewal plan, and the portion of taxes received under this section may be irrevocably pledged for the payment of principal of and interest on the indebtedness.

(9) The Department of Revenue shall by rule establish procedures for giving notice of amounts to be raised for urban renewal agencies and for determination of amounts to be raised and distributed to urban renewal agencies.

(10) The notice required under this section shall serve as the notice required under ORS 310.060 for the special levy described under ORS 457.435.

(11) Notwithstanding any other provision of this chapter, a city with a population of more than 500,000 on the effective date of this 2009 Act may, in lieu of its urban renewal agency, take any actions that an urban renewal agency is authorized to take under this section and any other actions that are required to certify, collect, receive, hold and apply tax revenues raised for the urban renewal agency under section 1c, Article IX of the Oregon Constitution, and taxes authorized for the urban renewal agency by section 11 (16), Article XI of the Oregon Constitution.

SECTION 5. ORS 457.450 is amended to read:

457.450. (1)(a) ORS 457.440 shall first apply to the assessment roll next following the tax roll referred to in ORS 457.430 if the assessor is provided notice of a plan adoption or amendment changing area boundaries by the agency prior to January 1 before the tax year to which the plan first applies.

(b) If the assessor is not provided notice of plan adoption or amendment changing area boundaries by the agency prior to January 1 before the tax year to which ORS 457.440 would otherwise first apply, then ORS 457.440 shall first apply to the assessment roll next following the assessment roll described in paragraph (a) of this subsection.

(2) When the principal and interest on **the maximum indebtedness of an urban renewal plan** to which the portion of taxes is irrevocably pledged for payment under ORS 457.435 or 457.440 is fully paid, or it is found that deposits in the special fund are sufficient to fully pay principal and interest on *[that]* **the maximum indebtedness** either through direct payment of the indebtedness or by payment of principal and interest on bonds or notes issued to finance the indebtedness, the agency shall notify the assessor of that fact.

(3) All moneys remaining unexpended from the special fund provided for in ORS 457.435 or 457.440, after payment of all the principal and interest on indebtedness is provided for, shall be turned over to the county treasurer by the agency and prorated by the treasurer back to the taxing districts in which the area, or part thereof, is located, in proportion to the amount of money in the fund attributable to each taxing district for the last fiscal year in which tax levy moneys were paid into the special fund of the agency under ORS 457.435 or 457.440.

SECTION 6. Section 7 of this 2009 Act is added to and made a part of ORS chapter 457.

SECTION 7. (1) **If the maximum amount of funds under ORS 457.440 is not required to pay the principal and interest on indebtedness incurred for an urban renewal plan, the urban renewal agency may take formal action to limit collections under a plan for a single fiscal year, and may notify the county assessor pursuant to ORS 457.440 (2)(e) to compute the division of taxes for the urban renewal area using an assessed value that is equal to the amount specified by the agency. The assessor may not use an amount that is greater than the increment.**

(2) **If the maximum amount of funds under ORS 457.440 is not required to pay the principal and interest on indebtedness incurred for an urban renewal plan, the urban renewal agency may limit future collections under a plan by notifying the county assessor to permanently increase the amount of the total assessed value included in the certified statement filed under ORS 457.430. The assessed value included in the certified statement may not be subsequently decreased except in connection with boundary changes.**

(3) **Before taking formal action under this section, the urban renewal agency shall consult and confer with each taxing district affected by the urban renewal plan.**

SECTION 8. ORS 457.460 is amended to read:

457.460. (1) [An agency shall, by August 1 of each year,] **Not later than January 31 of each year, an urban renewal agency shall** prepare a statement on the same basis on which its financial statements are prepared containing:

(a) The amount of money received during the preceding fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460;

(b) The purposes and amounts for which any money received under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460 were expended during the preceding fiscal year;

(c) An estimate of moneys to be received during the current fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460;

(d) A budget setting forth the purposes and estimated amounts for which the moneys which have been or will be received under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460 are to be expended during the current fiscal year; and

(e) An analysis of the impact, if any, of carrying out the urban renewal plan on the tax collections for the preceding year for all taxing districts included under ORS 457.430.

(2) The statement required by subsection (1) of this section shall be filed with the governing body of the municipality. Notice shall be published that the statement has been prepared and is on file with the municipality and the agency and the information contained in the statement is available to all interested persons. The notice shall be published once a week for not less than two successive weeks before [September 1] **March 1** of the year [for] **in** which the statement is [required] **filed**, in accordance with ORS 457.115. The notice shall summarize the information required under subsection (1)(a) to (d) of this section and shall set forth in full the information required under subsection (1)(e) of this section.

SECTION 9. Section 10 of this 2009 Act is added to and made a part of ORS chapter 457.

SECTION 10. (1) As used in this section, unless the context requires otherwise:

(a) **"Assumed increment"** means the assessed value of the increment in the prior year, increased by the average percentage increase of the increment, if any, during the three prior years.

(b) **"Large metropolitan plan"** means a plan for an urban renewal area by a city with a population of more than 500,000 on the effective date of this 2009 Act that is either first approved on or after the effective date of this 2009 Act or is substantially amended to increase maximum indebtedness on or after the effective date of this 2009 Act.

(c) **"Maximum division of taxes"** means the maximum amount of funds that may be raised for an urban renewal plan by dividing the taxes as provided in section 1c, Article IX of the Oregon Constitution, as described in ORS 457.440 (5), without regard to notices to assessors under this section or section 7 (1) of this 2009 Act or adjustments made pursuant to ORS 457.435 (2)(c).

(d) **"Transition amount"** means the maximum division of taxes for a plan in the year in which the plan is first substantially amended to increase maximum indebtedness on or after the effective date of this 2009 Act.

(2)(a) Except as provided in paragraphs (b) and (c) of this subsection, an urban renewal agency may notify the assessor to collect the maximum division of taxes for a plan, other than a large metropolitan plan, that is first approved on or after the effective date of this 2009 Act.

(b) Beginning with the later of the 11th year after the initial approval of the plan or the first year after the year in which the maximum division of taxes equals or exceeds 10 percent of the initial maximum indebtedness in the plan, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an assessed value that is not greater than the sum of:

(A) The amount of assessed value the agency estimates will produce division of tax revenues equal to 10 percent of the initial maximum indebtedness in the plan; and

(B) 25 percent of the amount by which the assumed increment exceeds the assessed value of the increment the agency estimates will produce division of tax revenues equal to 10 percent of the initial maximum indebtedness in the plan.

(c) Beginning with the first year after the year in which the division of taxes equals or exceeds 12.5 percent of the initial maximum indebtedness in the plan, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an amount of assessed value that the agency estimates will produce division of tax revenues that does not exceed 12.5 percent of the initial maximum indebtedness in the plan.

(d) After computing the assessed value as required under paragraph (b) or (c) of this subsection, an urban renewal agency shall further modify the value if, for reasons other than use of the assumed increment, the value included in the prior year's notice to the assessor resulted in division of tax revenues different from the respective target amounts under paragraphs (b) and (c) of this subsection. The modification under this paragraph may not exceed an amount that would result in the difference between the actual revenues and the target amounts.

(3)(a) Except as provided in paragraphs (b) and (c) of this subsection, an urban renewal agency may notify the assessor to collect the maximum division of taxes for a plan, other than a large metropolitan plan, that is substantially amended on or after the effective date of this 2009 Act to increase maximum indebtedness.

(b) Beginning with the later of the year after the year in which the plan is substantially amended or the 11th year after the plan was initially approved, when the maximum division of taxes exceeds 10 percent of the initial maximum indebtedness in the plan, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an assessed value that is not greater than the sum of:

(A) The amount of assessed value the agency estimates will produce division of tax revenues equal to the greater of:

- (i) 10 percent of the initial maximum indebtedness in the plan; or
- (ii) The transition amount; and

(B) 25 percent of the amount by which the assumed increment exceeds the assessed value of the increment the agency estimates will produce division of tax revenues equal to the greater of:

- (i) 10 percent of the initial maximum indebtedness in the plan; or
- (ii) The transition amount.

(c) Beginning with the first year after the year in which the division of taxes equals or exceeds the greater of 12.5 percent of the initial maximum indebtedness in the plan or the transition amount, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an amount of assessed value that the agency estimates will produce division of tax revenues that does not exceed the greater of 12.5 percent of the initial maximum indebtedness in the plan or the transition amount.

(d) After computing the assessed value as required under paragraph (b) or (c) of this subsection, an agency shall further modify the value if, for reasons other than use of the assumed increment, the value included in the prior year's notice to the assessor resulted in division of tax revenues different from the respective target amounts under paragraphs (b) and (c) of this subsection. The modification under this paragraph may not exceed an amount that would result in the difference between the actual revenues and the target amounts.

(4)(a) Except as provided in paragraphs (b) to (d) of this subsection, an urban renewal agency may notify the assessor to impose the maximum division of taxes for a large metropolitan plan that is initially approved on or after the effective date of this 2009 Act.

(b) In the first year after the year in which the maximum division of taxes equals or exceeds three percent of the initial maximum indebtedness in the plan, the agency shall no-

tify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an assessed value that is not greater than the sum of:

(A) The amount of assessed value the agency estimates will produce division of tax revenues equal to three percent of the initial maximum indebtedness in the plan; and

(B) 75 percent of the amount by which the assumed increment exceeds the assessed value of the increment the agency estimates will produce division of tax revenues equal to three percent of the initial maximum indebtedness in the plan.

(c) Except as provided in paragraph (d) of this subsection, beginning with the year after the year described in paragraph (b) of this subsection, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an assessed value that is not greater than the sum of:

(A) The amount of assessed value the agency estimates will produce division of tax revenues equal to the greatest amount of division of tax revenues the agency was permitted to use in any prior year to compute assessed value under this paragraph or paragraph (b) of this subsection; and

(B) 75 percent of the amount by which the assumed increment exceeds the assessed value of the increment the agency estimates will produce division of tax revenues equal to the greatest amount of division of tax revenues the agency was permitted to use in any prior year under this paragraph or paragraph (b) of this subsection.

(d) Beginning with the first year after the year described in paragraph (c) of this subsection in which the division of tax revenues equals or exceeds 10 percent of the initial maximum indebtedness in the plan, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an amount of assessed value the agency estimates will produce division of tax revenues that does not exceed 10 percent of the initial maximum indebtedness in the plan.

(e) After computing the assessed value as required under paragraph (b), (c) or (d) of this subsection, an agency shall further modify the value if, for reasons other than use of the assumed increment, the value included in the prior year's notice to the assessor resulted in division of tax revenues different from the respective target amounts under paragraphs (b) to (d) of this subsection. The modification under this paragraph may not exceed an amount that would result in the difference between the actual revenues and the target amounts.

(5)(a) As used in this subsection, "substantial amendment" refers to the first substantial amendment to increase maximum indebtedness for the urban renewal plan after the effective date of the 2009 Act.

(b) This subsection applies to an urban renewal plan that becomes a large metropolitan plan because it is substantially amended to increase its maximum indebtedness on or after the effective date of this 2009 Act. This subsection applies beginning in the first year after the year in which the urban renewal plan is first amended to increase its maximum indebtedness on or after the effective date of this 2009 Act. Except as provided in paragraphs (c) to (e) of this subsection, an urban renewal agency may notify the assessor to impose the maximum division of taxes.

(c) In the first year following a year that the maximum division of taxes exceeds three percent of the maximum indebtedness in effect for the plan immediately before the substantial amendment, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an assessed value that is not greater than the sum of:

(A) The amount of assessed value the agency estimates will produce division of tax revenues equal to the greater of:

(i) The transition amount; or

(ii) Three percent of the maximum indebtedness in the plan immediately before the substantial amendment; and

(B) 75 percent of the amount by which the assumed increment exceeds the assessed value of the increment the agency estimates will produce division of tax revenues equal to the greater of:

(i) The transition amount; or

(ii) Three percent of the maximum indebtedness in the plan immediately before the substantial amendment.

(d) Except as provided in paragraph (e) of this subsection, beginning with the year after the year described in paragraph (c) of this subsection, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an assessed value that is not greater than the sum of:

(A) The amount of assessed value the agency estimates will produce division of tax revenues equal to the greatest amount of division of tax revenues the agency was permitted to use in any prior year to compute assessed value under this paragraph or paragraph (c) of this subsection; and

(B) 75 percent of the amount by which the assumed increment exceeds the assessed value of the increment the agency estimates will produce division of tax revenues equal to the greatest amount of division of tax revenues the agency was permitted to use in any prior year under this paragraph or paragraph (c) of this subsection.

(e) Beginning with the first year after the year in which the division of tax revenues equals or exceeds the greater of the transition amount or 10 percent of the maximum indebtedness in effect for the plan immediately before the substantial amendment, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an amount of assessed value that is not greater than an amount the agency estimates will produce division of tax revenues equal to the greater of the transition amount or 10 percent of the maximum indebtedness in effect for the plan immediately before the substantial amendment.

(f) After computing the assessed value as required under paragraph (c), (d) or (e) of this subsection, an agency shall further modify the value if, for reasons other than use of the assumed increment, the value included in the prior year's notice to the assessor resulted in division of tax revenues different from the respective target amounts under paragraphs (c) to (e) of this subsection. The modification under this paragraph may not exceed an amount that would result in the difference between the actual revenues and the target amounts.

(6)(a) The initial maximum indebtedness for a large metropolitan plan that is initially approved after the effective date of this 2009 Act shall be established as provided in ORS 457.190 (4)(a) to (c).

(b) Beginning in 2010, the dollar amounts in this subsection may be increased on July 1 of any year by the percent change in average construction costs since July 1, 2009, according to the Engineering News-Record Northwest (Seattle, Washington) Construction Cost Index. The adjusted dollar amounts may be used only when a large metropolitan plan is initially approved.

(c) The maximum indebtedness may not be increased by more than 20 percent of the initial maximum indebtedness of the plan.

(d) The maximum indebtedness for a plan that becomes a large metropolitan plan because it is substantially amended on or after the effective date of this 2009 Act to increase its maximum indebtedness may not be increased above 20 percent of the maximum indebtedness in effect for the plan immediately before the first substantial amendment to increase maximum indebtedness that was made on or after the effective date of this 2009 Act.

(7) Limitations imposed under this section and section 7 of this 2009 Act and ORS 457.190 (4) and 457.220 (4) do not apply to the extent the municipality approving a plan obtains the written concurrence of taxing districts imposing at least 75 percent of the amount of taxes imposed under permanent rate limits in the urban renewal area. For plans that are initially approved or substantially amended on or after the effective date of this 2009 Act, compliance

with this section is determined based on the amount of taxes imposed under permanent rate limits in the fiscal year prior to the fiscal year in which the plan is approved or amended, as applicable.

(8) For purposes of this section, a plan is treated as approved or amended on the day on which the municipality took final action to enact the nonemergency ordinance approving or amending the plan.

(9) The amounts shown in the certified statement filed under ORS 457.430 are not affected by subsections (2) to (5) of this section. If the increment for an area is less than the assessed value that the assessor is directed to use under subsections (2) to (5) of this section, the division of taxes shall be computed based on the increment and the assessor shall impose the maximum division of taxes for the plan.

(10)(a) Notwithstanding subsection (1) of this section, as used in this subsection, "transition amount" means the maximum division of taxes for the plan in the fiscal year that the first amendment made after June 1, 2008, to increase maximum indebtedness takes effect.

(b) Notwithstanding any provisions in this section to the contrary, an urban renewal plan that was first approved in 1998 and had an initial maximum indebtedness of \$224,780,350 may be substantially amended after June 1, 2008, to increase maximum indebtedness by not more than \$343,719,650.

(c) Except as provided in paragraph (d) of this subsection, an urban renewal agency may notify the assessor to collect the maximum division of taxes for an urban renewal plan described in paragraph (b) of this subsection that is substantially amended to increase its maximum indebtedness after June 1, 2008.

(d) Beginning with the first fiscal year after the fiscal year in which the first amendment made after June 1, 2008, to increase maximum indebtedness in the plan described in paragraph (b) of this subsection takes effect that the maximum division of taxes exceeds three percent of the maximum indebtedness in effect for the plan immediately after the first amendment made after June 1, 2008, to increase maximum indebtedness takes effect, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an assessed value that is the sum of:

(A) The amount of assessed value the agency estimates will produce division of tax revenues equal to the greater of:

(i) The transition amount; or

(ii) Three percent of the maximum indebtedness in effect for the plan immediately after the first amendment made after June 1, 2008, to increase maximum indebtedness takes effect; and

(B) 75 percent of the amount by which the assumed increment exceeds the assessed value of the increment the agency estimates will produce division of tax revenues equal to the greater of:

(i) The transition amount; or

(ii) Three percent of the maximum indebtedness in effect for the plan immediately after the first amendment made after June 1, 2008, to increase maximum indebtedness takes effect.

(e)(A) To the extent permitted by law, a plan amendment described in this subsection shall provide direct economic benefits to the county in which the plan's urban renewal area is located in the following amounts:

(i) If the plan is substantially amended to increase maximum indebtedness by \$343,719,650 or more, at least \$35,000,000.

(ii) If the plan is amended to increase maximum indebtedness by less than \$343,719,650, no less than 10.18 percent of any increase in maximum indebtedness.

(B) Benefits required under subparagraph (A) of this paragraph shall be paid as follows:

(i) \$10,000,000 no later than June 30, 2014; and

(ii) The balance no later than June 30, 2021.

(11)(a) The Director of the Department of Revenue shall adopt rules necessary to apportion assessed value among tax code areas in an urban renewal area for which the urban renewal agency has notified the assessor pursuant to this section or ORS 457.440 (2)(d) or section 7 of this 2009 Act to compute the division of taxes.

(b) The director may adopt any rule necessary or convenient for the imposition and collection of taxes under this section or section 7 of this 2009 Act.

(12) The taxing districts affected by the urban renewal plan and the urban renewal agency are not liable for any amount by which amounts intended to be collected pursuant to this section differ from the targeted amounts in subsections (2) to (5) of this section. The sole remedy for any difference is the agency's modification of assessed value in subsequent years' notices as provided in subsections (2)(d), (3)(d), (4)(e) and (5)(f) of this section.

SECTION 11. ORS 457.010 is amended to read:

457.010. As used in this chapter, unless the context requires otherwise:

(1) "Blighted areas" means areas that, by reason of deterioration, faulty planning, inadequate or improper facilities, deleterious land use or the existence of unsafe structures, or any combination of these factors, are detrimental to the safety, health or welfare of the community. A blighted area is characterized by the existence of one or more of the following conditions:

(a) The existence of buildings and structures, used or intended to be used for living, commercial, industrial or other purposes, or any combination of those uses, that are unfit or unsafe to occupy for those purposes because of any one or a combination of the following conditions:

(A) Defective design and quality of physical construction;

(B) Faulty interior arrangement and exterior spacing;

(C) Overcrowding and a high density of population;

(D) Inadequate provision for ventilation, light, sanitation, open spaces and recreation facilities;

or

(E) Obsolescence, deterioration, dilapidation, mixed character or shifting of uses;

(b) An economic dislocation, deterioration or disuse of property resulting from faulty planning;

(c) The division or subdivision and sale of property or lots of irregular form and shape and inadequate size or dimensions for property usefulness and development;

(d) The laying out of property or lots in disregard of contours, drainage and other physical characteristics of the terrain and surrounding conditions;

(e) The existence of inadequate streets and other rights of way, open spaces and utilities;

(f) The existence of property or lots or other areas that are subject to inundation by water;

(g) A prevalence of depreciated values, impaired investments and social and economic maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered;

(h) A growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare; or

(i) A loss of population and reduction of proper utilization of the area, resulting in its further deterioration and added costs to the taxpayer for the creation of new public facilities and services elsewhere.

(2) "Certified statement" means the statement prepared and filed pursuant to ORS 457.430 or an amendment to the certified statement prepared and filed pursuant to ORS 457.430.

(3) "City" means any incorporated city.

(4) "Consolidated billing tax rate" means:

(a) If the urban renewal plan is an existing urban renewal plan (other than an existing urban renewal plan designated as an Option Three plan under ORS 457.435 (2)(c)), an urban renewal plan that was an existing urban renewal plan on October 6, 2001, (other than an existing urban renewal plan designated as an Option Three plan under ORS 457.435 (2)(c)) and that was substantially amended as described in ORS 457.085 (2)(i)(A) or (B) on or after October 6, 2001, or an urban renewal plan adopted on or after October 6, 2001, the total of all district tax rates used to extend

taxes after any adjustment to reflect tax offsets under ORS 310.105, but does not include any rate derived from:

(A) Any urban renewal special levy under ORS 457.435[.].

(B) A local option tax, as defined in ORS 280.040, that is approved by taxing district electors after October 6, 2001[; or].

(C) A tax pledged to repay exempt bonded indebtedness (other than exempt bonded indebtedness used to fund local government pension and disability plan obligations that, until funded by the exempt bonded indebtedness, were described in section 11 (5), Article XI of the Oregon Constitution), as defined in ORS 310.140, that is approved by taxing district electors after October 6, 2001[; and].

(D) The increase in the rate of ad valorem property tax allowable under section 11 (5)(d), Article XI of the Oregon Constitution, 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, to the extent that the increase is excluded from local revenues, as that term is used in ORS chapter 327, and provided that the school district notifies the county assessor of the rate to be excluded for the current fiscal year not later than July 15.

(b) In the case of all other urban renewal plans, the total of all district ad valorem property tax rates used to extend taxes after any adjustments to reflect tax offsets under ORS 310.105, except that "consolidated billing tax rate" does not include any urban renewal special levy rate under ORS 457.435.

(5)(a) "Existing urban renewal plan" means an urban renewal plan that provides for a division of ad valorem property taxes as described under ORS 457.420 to 457.460 adopted by ordinance before December 6, 1996, that:

(A) Except for an amendment made on account of ORS 457.190 (3) and subject to paragraph (b) of this subsection, is not changed by substantial amendment, as described in ORS 457.085 (2)(i)(A) or (B), on or after December 6, 1996; and

(B) For tax years beginning on or after July 1, 1998, includes the limit on indebtedness as described in ORS 457.190 (3).

(b) If, on or after July 1, 1998, the maximum limit on indebtedness (adopted by ordinance before July 1, 1998, pursuant to ORS 457.190) of an existing urban renewal plan is changed by substantial amendment, then "indebtedness issued or incurred to carry out the existing urban renewal plan" for purposes of ORS 457.435 includes only the indebtedness within the indebtedness limit adopted by ordinance under ORS 457.190 (3)(c) before July 1, 1998.

(6) "Fiscal year" means the fiscal year commencing on July 1 and closing on June 30.

(7) "Governing body of a municipality" means, in the case of a city, the common council or other legislative body thereof, and, in the case of a county, the board of county commissioners or other legislative body thereof.

(8) "Housing authority" or "authority" means any housing authority established pursuant to the Housing Authorities Law.

(9) "Increment" means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in an urban renewal area, or portion thereof, over the assessed value specified in the certified statement.

(10) "Maximum indebtedness" means the amount of the principal of indebtedness included in a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness.

(11) "Municipality" means any county or any city in this state. "The municipality" means the municipality for which a particular urban renewal agency is created.

(12) "Taxing body" or "taxing district" means the state, city, county or any other taxing unit which has the power to levy a tax.

(13) "Urban renewal agency" or "agency" means an urban renewal agency created under ORS 457.035 and 457.045.

(14) "Urban renewal area" means a blighted area included in an urban renewal plan or an area included in an urban renewal plan under ORS 457.160.

(15) "Urban renewal project" or "project" means any work or undertaking carried out under ORS 457.170 in an urban renewal area.

(16) "Urban renewal plan" or "plan" means a plan, as it exists or is changed or modified from time to time for one or more urban renewal areas, as provided in ORS 457.085, 457.095, 457.105, 457.115, 457.120, 457.125, 457.135 and 457.220.

Passed by House May 8, 2009

Received by Governor:

Repassed by House June 16, 2009

.....M,....., 2009

Approved:

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Chief Clerk of House

.....M,....., 2009

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Speaker of House

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Governor

Passed by Senate June 12, 2009

Filed in Office of Secretary of State:

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President of Senate

.....M,....., 2009

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Secretary of State

Q#10

SPICKARD Anette B

From: KLEIN Glenn [Glenn.Klein@ci.eugene.or.us]
Sent: Tuesday, February 23, 2010 9:49 AM
To: SPICKARD Anette B
Subject: FW: URA report

From: CUTSOGEOURGE Sue L
Sent: Saturday, February 20, 2010 10:30 AM
To: BROWN George R; *Eugene Mayor and City Council; RUIZ Jon R
Subject: RE: URA report

Councilor Brown – below are the questions you asked, along with my answers. Let me know if you need additional information.

Sue

Sue Cutsogeorge
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City of Eugene
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Eugene, OR 97401
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I see that \$ 11,123,448 of the Agency's governmental funds is "an unreserved fund balance, which is available for spending at the Agency's discretion." I take this to mean this amount (or any portion of it) could be spent on any Agency-approved projects, including LCC, in either Urban Renewal District.

The language on page 8 of the financial report is standardized language that is recommended by the rule making body for governmental accounting and is meant to be uniform throughout the country. It does not take into account any local laws or rules, which need to be applied when determining exactly how much discretion there is to spend particular dollars in specific ways. For urban renewal districts in Oregon, tax increment funds can be spent only (i) to benefit property within the boundary of the district that collected the funds, (ii) on projects that are included in that district's urban renewal plan, and (iii) within the total Maximum Indebtedness spending limit authorized under that district's plan. We cannot, for instance, spend tax increment dollars collected within the Downtown District on a project located in the Riverfront District.

1. Is my assumption correct? Are these funds truly discretionary?

Additional information about the breakdown of the urban renewal agency fund balance can be found in the Balance Sheet on page 15 of the URA financial report (which I've attached). Below is a short description of some key aspects of the unreserved fund balance.

- Approximately, \$3.1 million relates to the Riverfront District and can only be spent on projects to

Q#10

benefit that district and for projects that are described in the plan.

- The remainder of the unreserved fund balance (\$8 million) relates to the Downtown District.
 - About \$2.1 million included in the "General" fund is in the Downtown Revitalization Loan Program and was available as of 6/30/09. These funds have been earmarked to be lent out under the DRLP. DRLP funds are discretionary and could be spent on other purposes if authorized by the Urban Renewal Agency Board.
 - About \$5.9 million represents tax increment funds on hand, as of June 30, 2009. Tax increment funds are collected and held in the "Debt Service" and "Capital Projects" funds.
- For the Downtown District, the Maximum Indebtedness limit currently in the plan is \$33 million. The remaining amount is estimated at \$500,000, after taking into account estimated district administration expenses for FY10 and FY11. No additional tax increment funds can be spent above that amount.

Two other pieces of information are included in the fund balance information on page 15 of the report (and not included in the unreserved fund balance figure that you are referring to):

- Part of the fund balance includes real property that's held for resale in both districts ... i.e., 10th & Charnelton. This is \$2.4 million.
- Some of the total consists of non-cash assets that are not yet received, such as delinquent taxes and notes receivable (total of \$1.7 million, mostly in the Downtown District). These are offset by a liability of a nearly equal amount, so the net effect on fund balance is neutral.

2. If the spending limit of the Downtown URD is not raised by June 30, how much of this \$11 mil will be returned to the Tax Assessor for distribution to the overlapping taxing districts?

If the Downtown District's ability to collect tax increment funds is terminated due to hitting our current spending cap of \$33 million, we will need to determine the amount of tax increment funds that the URA holds for the Downtown District at that point in time.

One important thing to remember is that the \$11 million unreserved fund balance figure is a snapshot at a particular point in time (6/30/09) and that it includes funds restricted to spending within the Riverfront District.

Other things have happened since 6/30/09 that also need to be taken into account. For instance, we used some of the funds that were in the bank as of 6/30/09 to make the last payment on the library bonds on 12/1/09. We've made additional loans under the DRLP program, reducing the amount of funds available. We've received additional tax revenues for FY10. And the council has been discussing using a portion of the remaining dollars for some of the downtown initiative capital expenses. If the district is terminated, the amount of tax increment remaining in the Downtown District funds after reaching the \$33 million limit will be determined, and that amount will be turned over to the tax assessor.

3. Will any other Downtown URD funds be returned?

No. The Downtown Revitalization Loan Program funds are not tax increment funds and are not required to be returned to the tax assessor. In addition, the capital assets held by the Agency are not required to be returned to the tax assessor (i.e., the property at 10th & Charnelton).

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4. Is there any outstanding indebtedness in the Riverfront URD?

There is no outstanding bonded indebtedness in the Riverfront District.