MUNICIPAL DEBT ADVISORY COMMISSION
TELECONFERENCE MEETING NOTICE AND AGENDA

January 23, 2019
3:00 – 4:00 pm (approximate end time)

Teleconference Dial-In:
Dial-In Access  888-636-3807
Participant Code  662435

I. Call to Order

II. November 28, 2018 Meeting Recording – Posted on OST MDAC Web Page

III. Discussion re: Legislative HB 2391 – Debt Limitation Calculation
    a. Task Force Conclusion and Advice
    b. Introduced HB 2391
    c. Legislative Concept 683

IV. Other Business

V. Adjourn
Martha,

As requested by MDAC, Carol Samuels and I have examined LC 683 in order to provide comments. With the following explanation, we recommend LC 683 not be pursued at this time.

Currently, ORS 308.207 provides, in part, that the real market value (“RMV”) for bond debt limit purposes is the RMV of taxable property as reflected in the last certified assessment roll. LC 683 amends ORS 308.207, in part, to provide that the RMV for bond debt limit purposes shall be the RMV of taxable property set forth in the Oregon property tax statistics report (the “Report”) prepared by the Department of Revenue (“DOR”).

The Report consists of summaries of RMV sourced from county assessment rolls. DOR receives assessment rolls from the counties not later than November 4 of each year pursuant to ORS 309.330. We understand from DOR that the Report is typically available between April and August of the following calendar year due to the time required to reconcile and summarize figures. Thus, under LC 683, between the time when RMV is available from the counties and the time the Report is available, bond issuers would use the prior year’s Report to calculate their debt limit, which would presumably yield a different, and likely lower, debt limit than under current ORS 308.207. We understand the intent of LC 683 is to clarify RMV for debt limit purposes without changing any limits, so we have been working with DOR to see if other options are available.

Through email exchanges and a conference call, representatives from DOR have provided information to Carol and me regarding the type of information currently included in the Report, as well as suggested statutory revisions should we proceed with an amendment. For example, DOR suggested that LC 683 reference “the real market value set forth in the most recent combined roll summary described in ORS 309.370,” rather than the Report, because the Report is not required to be published.

DOR representatives also discussed with us our idea of defining “RMV of taxable property,” instead of referencing the Report, in LC 683. They offered suggestions for such definition but cautioned against changing or adding statutory language, including definitions, that could have unintended consequences. Ultimately we concluded that due to the complexity of our property tax statutes, adding a definition to ORS 309.370 might lead to unintended consequences and, short of making updates throughout the property tax statutes, could result in more confusion.

As an alternative to a statutory amendment, DOR is willing to provide informal guidance to counties regarding how to calculate RMV for debt limit purposes. Carol and I also discussed communicating to counties that issuers or their bond counsel may more routinely request certifications as to the RMV for debt limit purposes to provide comfort regarding the RMV for debt limit purposes.

In summary, our conclusion is that this simple amendment is more complicated than we anticipated, for an issue that has rarely come up. It may be effective to pursue this issue outside of the legislative arena and therefore we recommend that LC 683 not be pursued at this time.

Please let us know of any questions.

Thank you,
Courtney
CONFIDENTIALITY NOTICE: This e-mail, and any attachments thereto, is intended only for use by the addressee(s) named herein and may contain legally privileged and/or confidential information. If you are not an intended recipient of this e-mail, you are hereby notified that any dissemination, distribution or copying of this e-mail, and any attachments, is strictly prohibited. If you have received this e-mail in error, please notify me immediately by returning it and permanently delete the original, any copies and any printout thereof.
House Bill 2391

Introduced and printed pursuant to House Rule 12.00. Presession filed (at the request of State Treasurer Tobias Read)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Provides that, with respect to bonding power of governmental unit limited to millage or percentage of real market value of taxable property within unit, real market value shall be as set forth in annual Oregon property tax statistics report prepared by Department of Revenue.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to real market value for determining the bonding power of governmental units; creating new provisions; amending ORS 308.207; and prescribing an effective date.

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

SECTION 1. ORS 308.207 is amended to read:

308.207. (1) If the taxing or bonding power of any governmental unit is limited to a millage or percentage of the real market value of the taxable property within the unit, the real market value shall be:

(a) With respect to the taxing power, the real market value as reflected in the last certified assessment roll.

(b) With respect to the bonding power, the real market value set forth in the most recent annual Oregon property tax statistics report prepared by the Department of Revenue.

(2) Changes in the boundary lines of a governmental unit shall be taken into account in computing its real market value for purposes of subsection (1) of this section even though such boundary changes may not be included on the latest assessment roll.

(3) As used in this section, “governmental unit” includes the state, counties, cities, municipal corporations, and all special districts having the power to levy taxes or issue bonds.

SECTION 2. The amendments to ORS 308.207 by section 1 of this 2019 Act apply to bond issues approved on or after the effective date of this 2019 Act.

SECTION 3. This 2019 Act takes effect on the 91st day after the date on which the 2019 regular session of the Eightieth Legislative Assembly adjourns sine die.
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NOTE: Matter in boldfaced type in an amended section is new; matter [italic and bracketed] is existing law to be omitted. New sections are in boldfaced type.
(3) As used in this section, “governmental unit” includes the state, counties, cities, municipal corporations, and all special districts having the power to levy taxes or issue bonds.

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