



Building Codes

- Preserve Third-Party Building Inspections



Housing & Development

- System Development Charges
- Support Housing Planning Implementation
- Affordable Housing Property Tax Exemptions Updates



General Government

- Public Records
- Police Accountability



Public Contracting

- Oppose Prevailing Wage Mandates for Economic Incentives



Mental Health

- Community Mental Health Funding



Telecommunications and Broadband

- Support the Rural Telecommunication Investment Act



Transportation

- Speed Safety



Tax and Finance

- Lodging Tax Conversations
- Farm Machinery Exemption Clarification
- Liquor Tax Changes
- Property Tax Reform



Water

- Stored Water Transfers
- Septic Loan Funding
- OWRD Funding for Basin-Specific Needs

Key Budget Requests for the 2020 Session

LOC had some success with funding requests during the 2019 session but remain committed to advocate for service delivery and investment gaps important to communities across Oregon.

The following budget requests reflect an investment in Oregon's communities by addressing mental health needs, affordable housing, and water infrastructure.

Mental Health Funding:

Certified community mental health clinics	\$15 million	OHA
Formula only considers Oregon State Hospital population. OSH case load has shifted to community-based treatment facilities, but funding has dropped. Need to restore funding to match the actual case load.	\$9 million	OHA

Housing and Development:

SDC reimbursement for affordable housing. HB 3405 (Rep. Lewis)	\$750,000 biennium	OHCS
Repurpose DLCDC funds for technical assistance in HB 2003 to meet DAS expenditure deadlines. HB 2003 directed resources to help local governments implement new planning mandates, however statutory timelines in HB 2003 exceed the biennium, preventing these needed resources from supporting local government implementation	\$1 million	DLCD

Public Drinking Water Protections:

Septic loan fund	\$2 million	DEQ
Harmful Algal Bloom - Lab equipment, FTEs	\$310,000	DEQ

Water Infrastructure Needs:

Dam safety needs	\$2 million	OWRD
Willamette Basin Complex Water Issues	\$581,394	OWRD
Complex Water Issues Funding	\$898,391	OWRD
Place-based water resources planning	\$200,000	OWRD
Strategic Implementation Areas	\$276,000	ODA

Budget asks are highlighted through the document and accompanied by the \$ symbol.

Building Codes

- ***Third-Party Building Inspection:*** Likely find administrative process that would allow the use of third-party building inspection program to exist for smaller, frontier communities in Oregon.

Questions? Contact Jim McCauley at jmccauley@orcities.org

Housing and Development

- ***System Development Charges:*** Rep. Lewis plans to reintroduce a bill ([HB 3405](#)) that would provide state funds to cover local system development charges for the development of affordable housing. LOC will support efforts from the State to provide additional resources to local governments to increase the development of affordable housing.

💰 \$750,000 per biennium, CSL until sunset date of June 30, 2027.

- ***Housing Planning Implementation:*** LOC is supporting the rulemaking process for HB 2001 and HB 2003 and will pursue opportunities to further the Legislature's understanding and support for additional technical assistance and infrastructure resources that enable cities to fully implement these new requirements and support the development of needed housing.

💰 Support DLCD's request to repurpose \$1M in technical assistance funds allocated by HB 2003 in order to meet DAS expenditure deadlines for the biennium. HB 2003 clearly intended to direct resources to help local governments implement new housing planning mandates, however the statutory timelines in HB 2003 exceed the biennium, preventing these needed resources from supporting local government implementation.

- ***Affordable Housing Property Tax Exemptions Updates:*** Home Forward in Multnomah County is working on a bill to update an existing local option property tax exemption (ORS 307.541) to align with new Low-Income Housing Tax Credit (LIHTC) rules. LOC will be reviewing this proposal to make sure it aligns with LOC's overall effort. In Portland, the Homebuyer Opportunity Limited Tax Exemption (HOLTE) allows the city to forgo property tax revenues in order to incentivize affordable homeownership opportunities. Currently, construction of a home must be completed within two years to qualify for the tax exemption. However, this can be a barrier for nonprofit developers and the narrow window puts low- and moderate-income housing units at risk of losing eligibility for the tax benefit. LOC

supports increasing flexibility in HOLTE to extend construction period eligibility for up to two more years if progress is being made with construction.

Questions? Contact Ariel Nelson at anelson@orcities.org

General Government

- ***Public Records:*** Any changes made to existing public records legislation must keep to the intent and spirit of the consensus product from 2017. The Public Record Council should remain a balanced body to resolve public records issues between record requesters and agencies. Further, the advocate should be accountable to elected official(s).
- ***Police Accountability:*** Support effort to allow employers greater discretion in holding police officers accountable for acts that should result in termination. LOC will support and advocate for legislation that unanimously by the Senate in 2019 in 2020.

Questions? Contact Scott Winkels at swinkels@orcities.org

Public Contracting

- ***Prevailing Wage Rate in E-Zones (defensive position):*** LOC is currently serving on an interim workgroup related to a 2019 bill that did not pass. (HB 2408) would have applied prevailing wage rate to private projects if they receive a tax incentive/abatement. LOC is highly concerned that attaching onerous requirements to a proven incentive program that has bought local communities' incredible investment will negate the incentive and negatively impact the ability of local communities to attract economic development opportunities. We are hopeful that a compromise can be found through the workgroup process.

Questions? Contact Tracy Rutten at trutten@orcities.org

Mental Health

- ***Community Mental Health Funding:*** LOC supports funding to stabilize community-based mental health services in partnership with counties and other service providers to support investments that close significant gaps in Oregon's mental health care system. The effects of state underfunded mental health and addiction services are felt acutely in cities across Oregon and have crosscutting impacts with homelessness, housing, law enforcement and other city services.

💰 \$15-20 million for certified community mental health clinics. This is simply to bolster the investment in local providers as we transition away from the state hospital, more resources need to be devoted to community clinics.

💰 \$9 million into the mandated case load formula. The case load formula is constructed to include the Oregon State Hospital case load population. Since a portion of the OSH case load has moved to community-based treatment homes, the overall revenue was reduced, yet the need still exists. LOC, AOC and other advocates are asking for this funding to be restored and fix the formula in 2021 so providers can be made whole.

Questions? Contact Scott Winkels at swinkels@orcities.org

Telecommunications and Broadband

- ***Broadband Investment:*** LOC will support the Rural Telecommunications Investment Act of 2020 (RTIA) sponsored by Rep. Pam Marsh. This bill is a rerun of [HB 2184](#) (2019). The RTIA is expected to provide \$5 million annually for the Oregon Broadband Office for broadband/high-speed internet deployment focused on 25 school districts and 50+ libraries without high speed internet access. The \$5 million dollars will be generated by bringing the wireless users into Oregon's Universal Service Fund (OUSF). Additionally, the overall rate for all users will be reduced to 6% from 8.5%. The goal is to stabilize the OUSF which supports robust, reliable, and affordable advanced communications services in rural Oregon. The LOC along with many other stakeholders have been participating in a coalition to support the Rural Telecommunications Investment Act.

Questions? Contact Jenna Jones at jjones@orcities.org

Transportation

- ***Speed Safety:*** Bring back [HB 2702](#) from 2019, which authorizes ODOT to delegate authority to city or county to establish a designated speed on low-volume or unpaved highways under their jurisdiction to all highways under the jurisdiction of the city or county.

Questions? Contact Jim McCauley at jmccauley@orcities.org

Tax and Finance

- ***Lodging Tax Conversation:*** There are two interim lodging tax workgroups. Rep. Marsh is looking at ways to enhance compliance. Rep. Keny-Guyer is looking at how short-term rentals exacerbate housing issues and whether local governments should have more discretion to spend lodging tax on affordable housing. Whether either of these workgroups will produce a bill for 2020 is unclear, but the League will continue to be involved in any lodging tax legislation.
- ***Farm Machinery Exemption Clarification:*** Rep. Marsh and Rep. Findley are leading a workgroup looking at ways to clarify the property tax exemption for farm machinery. During the 2019 session, advocates brought forward a bill that was described as clarifying policy, but it was clear it would have expanded the exemption and reduced revenue to communities.
- ***Liquor Tax Changes:*** Proponents may bring a bill to reduce taxes on liquor sold out of tasting rooms. Early indications were that advocates would propose a reduction of 83% of the tax on the first 5,000 bottles at each tasting room. The League will weigh any benefits in terms of economic development with costs, including forgone revenue and likely public safety spending.
- ***Property Tax Reform:*** Property tax reform is not likely to be taken up in the short session, but if the legislature plans to make it a priority in 2021 there will need to be some significant work in 2020 to lay the groundwork.

Questions? Contact Mark Gharst at mgharst@orcities.org

Water

- ***Stored Water Transfers:*** LOC is working with the Oregon Farm Bureau, Trout Unlimited and other stakeholders in an effort to negotiate language to reinstate statutory authority for the Oregon Water Resources Department to accept applications to transfer stored water (including the character-of-use/purpose for the stored water as well as the location). LOC continues to believe that the interpretation that OWRD does not have statutory authority to transfer stored water is flawed. However, absent legal challenge, we need to ensure stored water can be transferred.
- ***Septic Loan Funding:*** LOC has been and continues to be in strong support of a program that provides low-interest loans to either repair/replace failing residential or small business septic systems, or to connect failing septic systems to an available municipal/public sewer system. This program is administered through a third-party entity (Craft3) and funded through the Department of Environmental Quality.

However, the program did not receive needed funding during the 2019 legislative session. Additional funding is needed in order to continue to provide loans to low-income Oregonians. This program is important to cities as failing septic systems contribute to water quality challenges and are likely factors in harmful algal blooms in some parts of the state. Many septic systems are within city boundaries, but homeowners struggle to connect to available public sewer systems due to connection costs.

\$ \$2 million for the Septic Loan Fund in DEQ's budget for drinking water protections

- ***OWRD Funding for Basin-Specific Needs:*** LOC supported a budget policy option package (POP 103) during the 2019 session that would have provided needed additional staff at the Oregon Water Resources Department to help specific water basins navigate immediate regional water supply challenges. The basins that we are targeting for enhanced technical assistance through OWRD are the Willamette basin (for efforts to complete a significant reallocation of stored water in the basin) and the Deschutes basin. These basins have specific projects that will require state participation, but the state does not have adequate staffing resources that are necessary.

\$ \$581,394 for Willamette Basin Complex Water Issues

Questions? Contact Tracy Rutten at trutten@orcities.org