

A-Engrossed
House Bill 2641

Ordered by the House April 12
Including House Amendments dated April 12

Sponsored by Representative BUCKLEY

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.

Changes amount of school district local option taxes that are not considered local revenue for purposes of State School Fund distribution formula. Changes amount that school district may receive as local option equalization grant.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to school finance; creating new provisions; amending ORS 327.013 and 327.336; and pre-
3 scribing an effective date.

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

5 **SECTION 1.** ORS 327.013, as amended by section 2, chapter 4, Oregon Laws 2006, is amended
6 to read:

7 327.013. The State School Fund distributions for school districts shall be computed as follows:

8 (1) General Purpose Grant = Funding Percentage × Target Grant × District extended ADMw.

9 (2) The funding percentage shall be calculated by the Superintendent of Public Instruction to
10 distribute as nearly as practicable the total sum available for distribution of money.

11 (3) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor.

12 (4) Statewide Target per ADMw Grant = \$4,500.

13 (5) Teacher Experience Factor = \$25 × {District average teacher experience – statewide av-
14 erage teacher experience}. "Average teacher experience" means the average, in years, of teaching
15 experience of certified teachers as reported to the Department of Education.

16 (6) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater.

17 (7)(a) Weighted average daily membership or ADMw = average daily membership + an addi-
18 tional amount computed as follows:

19 (A) 1.0 for each student in average daily membership eligible for special education as a child
20 with disabilities under ORS 343.035, applicable to not to exceed 11 percent of the district's ADM
21 without review and approval of the Department of Education. Children with disabilities eligible for
22 special education in adult local correctional facilities as defined in ORS 169.005 or adult regional
23 correctional facilities as defined in ORS 169.620 may not be included in the calculation of the 11
24 percent.

25 (B) 0.5 for each student in average daily membership eligible for and enrolled in an English as
26 a second language program under ORS 336.079.

27 (C) 0.2 for each student in average daily membership enrolled in a union high school district or

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 in an area of a unified school district where the district is only responsible for educating students
2 in grades 9 through 12 in that area.

3 (D) -0.1 for each student in average daily membership enrolled in an elementary district oper-
4 ating kindergarten through grade 6 or kindergarten through grade 8 or in an area of a unified
5 school district where the district is only responsible for educating students in kindergarten through
6 grade 8.

7 (E) 0.25 times the sum of the following:

8 (i) The number of children 5 to 17 years of age in poverty families in the district, as determined
9 by the Department of Education from a report of the federal Department of Education based on the
10 most recent federal decennial census, as adjusted by the school district's proportion of students in
11 the county receiving free or reduced price lunches under the United States Department of Agricul-
12 ture's current Income Eligibility Guidelines if the number is higher than the number determined
13 from census data and only if the school district had an average daily membership of 2,500 or less
14 for the 1995-1996 school year, and as further adjusted by the number of students in average daily
15 membership in June of the year of distribution divided by number of students in average daily
16 membership in the district, or its predecessors, in June of the year of the most recent federal
17 decennial census;

18 (ii) The number of children in foster homes in the district as determined by the report of the
19 Department of Human Services to the federal Department of Education, "Annual Statistical Report
20 on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess of the
21 Poverty Income Level," or its successor, for October 31 of the year prior to the year of distribution;
22 and

23 (iii) The number of children in the district in state-recognized facilities for neglected and delin-
24 quent children, based on information from the Department of Human Services for October 31 of the
25 year prior to the year of distribution.

26 (F) An additional amount as determined by ORS 327.077 shall be added to the ADMw for each
27 remote small elementary school and for each small high school in the district.

28 (G) All numbers of children used for the computation in this section must reflect any district
29 consolidations that have occurred since the numbers were compiled.

30 (b) The total additional weight that shall be assigned to any student in average daily member-
31 ship in a district, exclusive of students described in paragraph (a)(E) and (F) of this subsection shall
32 not exceed 2.0.

33 (8) High cost disabilities grant = the total amount received by a school district under ORS
34 327.348, for providing special education and related services to resident pupils with disabilities.

35 (9)(a) Transportation grant equals:

36 (A) 70 percent of approved transportation costs for those school districts ranked below the 80th
37 percentile under paragraph (b) of this subsection.

38 (B) 80 percent of approved transportation costs for those school districts ranked in or above the
39 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

40 (C) 90 percent of approved transportation costs for those school districts ranked in or above the
41 90th percentile under paragraph (b) of this subsection.

42 (b) Each fiscal year, the Department of Education shall rank school districts based on the ap-
43 proved transportation costs per ADM of each school district, ranking the school district with the
44 highest approved transportation costs per ADM at the top of the order.

45 (10) Local Revenues are the total of the following:

1 (a) The amount of revenue offset against local property taxes as determined by the Department
2 of Revenue under ORS 311.175 (3)(a)(A);

3 (b) The amount of property taxes actually received by the district including penalties and in-
4 terest on taxes;

5 (c) The amount of revenue received by the district from the Common School Fund under ORS
6 327.403 to 327.410;

7 (d) The amount of revenue received by the district from the county school fund;

8 (e) The amount of revenue received by the district from the 25 percent of federal forest reserve
9 revenues required to be distributed to schools by ORS 294.060 (1);

10 (f) The amount of revenue received by the district from state managed forestlands under ORS
11 530.115 (1)(b) and (c);

12 (g) Moneys received in lieu of property taxes;

13 (h) Federal funds received without specific application by the school district and which are not
14 deemed under federal law to be nonsupplantable;

15 (i) Any positive amount obtained by subtracting the operating property taxes actually imposed
16 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would
17 have been imposed by the district if the district had certified the maximum rate of operating prop-
18 erty taxes allowed by law; and

19 (j) Any amount distributed to the district in the prior fiscal year under section 4 (3), chapter
20 695, Oregon Laws 2001, or ORS 327.019 (8).

21 (11) Notwithstanding subsection (10) of this section, Local Revenues do not include:

22 (a) If a school district imposes local option taxes pursuant to ORS 280.040 to 280.145, an amount
23 equal to the lesser of:

24 (A) The amount of revenue actually received by the district from local option taxes imposed
25 pursuant to ORS 280.040 to 280.145;

26 (B) ~~Fifteen~~ **Twenty** percent of the combined total for the school district of the general purpose
27 grant, the transportation grant, the facility grant and the high cost disabilities grant of the district;
28 or

29 (C) ~~[\$750]~~ **\$1,000** per district extended ADMw; and

30 (b) For a school district with a statutory rate limit on July 1, 2003, that is greater than \$4.50
31 per \$1,000 of assessed value, the amount of property taxes actually received by the district, includ-
32 ing penalties and interest on taxes, that results from an increase in the rate of ad valorem property
33 tax of the district allowed under section 11 (5)(d), Article XI of the Oregon Constitution.

34 (12)(a) Facility Grant = 8 percent of total construction costs of new school buildings.

35 (b) A school district shall receive a Facility Grant in the distribution year that a new school
36 building is first used.

37 (c) As used in this subsection:

38 (A) "New school building" includes new school buildings, adding structures onto existing school
39 buildings and adding premanufactured structures to a school district if those buildings or structures
40 are to be used for instructing students.

41 (B) "Construction costs" does not include costs for land acquisition.

42 (13) Notwithstanding subsection (10)(i) of this section, Local Revenues do not include any
43 amount of operating property tax authority of the district that is:

44 (a) Attributable to the suspension of ORS 310.239 by section 1, chapter 4, Oregon Laws 2006;
45 and

1 (b) Not actually imposed by the district.

2 **SECTION 2. The amendments to ORS 327.013 by section 1 of this 2007 Act apply to State**
3 **School Fund distributions commencing with the 2007-2008 distribution.**

4 **SECTION 3.** ORS 327.013, as amended by section 2, chapter 4, Oregon Laws 2006, and section
5 1 of this 2007 Act, is amended to read:

6 327.013. The State School Fund distributions for school districts shall be computed as follows:

7 (1) General Purpose Grant = Funding Percentage × Target Grant × District extended ADMw.

8 (2) The funding percentage shall be calculated by the Superintendent of Public Instruction to
9 distribute as nearly as practicable the total sum available for distribution of money.

10 (3) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor.

11 (4) Statewide Target per ADMw Grant = \$4,500.

12 (5) Teacher Experience Factor = \$25 × {District average teacher experience – statewide av-
13 erage teacher experience}. “Average teacher experience” means the average, in years, of teaching
14 experience of certified teachers as reported to the Department of Education.

15 (6) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater.

16 (7)(a) Weighted average daily membership or ADMw = average daily membership + an addi-
17 tional amount computed as follows:

18 (A) 1.0 for each student in average daily membership eligible for special education as a child
19 with disabilities under ORS 343.035, applicable to not to exceed 11 percent of the district’s ADM
20 without review and approval of the Department of Education. Children with disabilities eligible for
21 special education in adult local correctional facilities as defined in ORS 169.005 or adult regional
22 correctional facilities as defined in ORS 169.620 may not be included in the calculation of the 11
23 percent.

24 (B) 0.5 for each student in average daily membership eligible for and enrolled in an English as
25 a second language program under ORS 336.079.

26 (C) 0.2 for each student in average daily membership enrolled in a union high school district or
27 in an area of a unified school district where the district is only responsible for educating students
28 in grades 9 through 12 in that area.

29 (D) -0.1 for each student in average daily membership enrolled in an elementary district oper-
30 ating kindergarten through grade 6 or kindergarten through grade 8 or in an area of a unified
31 school district where the district is only responsible for educating students in kindergarten through
32 grade 8.

33 (E) 0.25 times the sum of the following:

34 (i) The number of children 5 to 17 years of age in poverty families in the district, as determined
35 by the Department of Education from a report of the federal Department of Education based on the
36 most recent federal decennial census, as adjusted by the school district’s proportion of students in
37 the county receiving free or reduced price lunches under the United States Department of Agricul-
38 ture’s current Income Eligibility Guidelines if the number is higher than the number determined
39 from census data and only if the school district had an average daily membership of 2,500 or less
40 for the 1995-1996 school year, and as further adjusted by the number of students in average daily
41 membership in June of the year of distribution divided by number of students in average daily
42 membership in the district, or its predecessors, in June of the year of the most recent federal
43 decennial census;

44 (ii) The number of children in foster homes in the district as determined by the report of the
45 Department of Human Services to the federal Department of Education, “Annual Statistical Report

1 on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess of the
2 Poverty Income Level,” or its successor, for October 31 of the year prior to the year of distribution;
3 and

4 (iii) The number of children in the district in state-recognized facilities for neglected and delin-
5 quent children, based on information from the Department of Human Services for October 31 of the
6 year prior to the year of distribution.

7 (F) An additional amount as determined by ORS 327.077 shall be added to the ADMw for each
8 remote small elementary school and for each small high school in the district.

9 (G) All numbers of children used for the computation in this section must reflect any district
10 consolidations that have occurred since the numbers were compiled.

11 (b) The total additional weight that shall be assigned to any student in average daily member-
12 ship in a district, exclusive of students described in paragraph (a)(E) and (F) of this subsection shall
13 not exceed 2.0.

14 (8) High cost disabilities grant = the total amount received by a school district under ORS
15 327.348, for providing special education and related services to resident pupils with disabilities.

16 (9)(a) Transportation grant equals:

17 (A) 70 percent of approved transportation costs for those school districts ranked below the 80th
18 percentile under paragraph (b) of this subsection.

19 (B) 80 percent of approved transportation costs for those school districts ranked in or above the
20 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

21 (C) 90 percent of approved transportation costs for those school districts ranked in or above the
22 90th percentile under paragraph (b) of this subsection.

23 (b) Each fiscal year, the Department of Education shall rank school districts based on the ap-
24 proved transportation costs per ADM of each school district, ranking the school district with the
25 highest approved transportation costs per ADM at the top of the order.

26 (10) Local Revenues are the total of the following:

27 (a) The amount of revenue offset against local property taxes as determined by the Department
28 of Revenue under ORS 311.175 (3)(a)(A);

29 (b) The amount of property taxes actually received by the district including penalties and in-
30 terest on taxes;

31 (c) The amount of revenue received by the district from the Common School Fund under ORS
32 327.403 to 327.410;

33 (d) The amount of revenue received by the district from the county school fund;

34 (e) The amount of revenue received by the district from the 25 percent of federal forest reserve
35 revenues required to be distributed to schools by ORS 294.060 (1);

36 (f) The amount of revenue received by the district from state managed forestlands under ORS
37 530.115 (1)(b) and (c);

38 (g) Moneys received in lieu of property taxes;

39 (h) Federal funds received without specific application by the school district and which are not
40 deemed under federal law to be nonsupplantable;

41 (i) Any positive amount obtained by subtracting the operating property taxes actually imposed
42 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would
43 have been imposed by the district if the district had certified the maximum rate of operating prop-
44 erty taxes allowed by law; and

45 (j) Any amount distributed to the district in the prior fiscal year under section 4 (3), chapter

1 695, Oregon Laws 2001, or ORS 327.019 (8).

2 (11) Notwithstanding subsection (10) of this section, Local Revenues do not include:

3 (a) If a school district imposes local option taxes pursuant to ORS 280.040 to 280.145, an amount
4 equal to the lesser of:

5 (A) The amount of revenue actually received by the district from local option taxes imposed
6 pursuant to ORS 280.040 to 280.145;

7 (B) Twenty percent of the combined total for the school district of the general purpose grant,
8 the transportation grant, the facility grant and the high cost disabilities grant of the district; or

9 (C) \$1,000 per district extended ADMw, **increased each fiscal year by three percent above**
10 **the amount allowed per district extended ADMw for the prior fiscal year;** and

11 (b) For a school district with a statutory rate limit on July 1, 2003, that is greater than \$4.50
12 per \$1,000 of assessed value, the amount of property taxes actually received by the district, includ-
13 ing penalties and interest on taxes, that results from an increase in the rate of ad valorem property
14 tax of the district allowed under section 11 (5)(d), Article XI of the Oregon Constitution.

15 (12)(a) Facility Grant = 8 percent of total construction costs of new school buildings.

16 (b) A school district shall receive a Facility Grant in the distribution year that a new school
17 building is first used.

18 (c) As used in this subsection:

19 (A) "New school building" includes new school buildings, adding structures onto existing school
20 buildings and adding premanufactured structures to a school district if those buildings or structures
21 are to be used for instructing students.

22 (B) "Construction costs" does not include costs for land acquisition.

23 (13) Notwithstanding subsection (10)(i) of this section, Local Revenues do not include any
24 amount of operating property tax authority of the district that is:

25 (a) Attributable to the suspension of ORS 310.239 by section 1, chapter 4, Oregon Laws 2006;
26 and

27 (b) Not actually imposed by the district.

28 **SECTION 4. The amendments to ORS 327.013 by section 3 of this 2007 Act become oper-**
29 **ative on July 1, 2008.**

30 **SECTION 5. The amendments to ORS 327.013 by section 3 of this 2007 Act apply to State**
31 **School Fund distributions commencing with the 2008-2009 distribution.**

32 **SECTION 6.** ORS 327.013, as amended by sections 2 and 4, chapter 4, Oregon Laws 2006, is
33 amended to read:

34 327.013. The State School Fund distributions for school districts shall be computed as follows:

35 (1) General Purpose Grant = Funding Percentage × Target Grant × District extended ADMw.

36 (2) The funding percentage shall be calculated by the Superintendent of Public Instruction to
37 distribute as nearly as practicable the total sum available for distribution of money.

38 (3) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor.

39 (4) Statewide Target per ADMw Grant = \$4,500.

40 (5) Teacher Experience Factor = \$25 × {District average teacher experience – statewide av-
41 erage teacher experience}. "Average teacher experience" means the average, in years, of teaching
42 experience of certified teachers as reported to the Department of Education.

43 (6) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater.

44 (7)(a) Weighted average daily membership or ADMw = average daily membership + an addi-
45 tional amount computed as follows:

1 (A) 1.0 for each student in average daily membership eligible for special education as a child
2 with disabilities under ORS 343.035, applicable to not to exceed 11 percent of the district's ADM
3 without review and approval of the Department of Education. Children with disabilities eligible for
4 special education in adult local correctional facilities as defined in ORS 169.005 or adult regional
5 correctional facilities as defined in ORS 169.620 may not be included in the calculation of the 11
6 percent.

7 (B) 0.5 for each student in average daily membership eligible for and enrolled in an English as
8 a second language program under ORS 336.079.

9 (C) 0.2 for each student in average daily membership enrolled in a union high school district or
10 in an area of a unified school district where the district is only responsible for educating students
11 in grades 9 through 12 in that area.

12 (D) -0.1 for each student in average daily membership enrolled in an elementary district oper-
13 ating kindergarten through grade 6 or kindergarten through grade 8 or in an area of a unified
14 school district where the district is only responsible for educating students in kindergarten through
15 grade 8.

16 (E) 0.25 times the sum of the following:

17 (i) The number of children 5 to 17 years of age in poverty families in the district, as determined
18 by the Department of Education from a report of the federal Department of Education based on the
19 most recent federal decennial census, as adjusted by the school district's proportion of students in
20 the county receiving free or reduced price lunches under the United States Department of Agricul-
21 ture's current Income Eligibility Guidelines if the number is higher than the number determined
22 from census data and only if the school district had an average daily membership of 2,500 or less
23 for the 1995-1996 school year, and as further adjusted by the number of students in average daily
24 membership in June of the year of distribution divided by number of students in average daily
25 membership in the district, or its predecessors, in June of the year of the most recent federal
26 decennial census;

27 (ii) The number of children in foster homes in the district as determined by the report of the
28 Department of Human Services to the federal Department of Education, "Annual Statistical Report
29 on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess of the
30 Poverty Income Level," or its successor, for October 31 of the year prior to the year of distribution;
31 and

32 (iii) The number of children in the district in state-recognized facilities for neglected and delin-
33 quent children, based on information from the Department of Human Services for October 31 of the
34 year prior to the year of distribution.

35 (F) An additional amount as determined by ORS 327.077 shall be added to the ADMw for each
36 remote small elementary school and for each small high school in the district.

37 (G) All numbers of children used for the computation in this section must reflect any district
38 consolidations that have occurred since the numbers were compiled.

39 (b) The total additional weight that shall be assigned to any student in average daily member-
40 ship in a district, exclusive of students described in paragraph (a)(E) and (F) of this subsection shall
41 not exceed 2.0.

42 (8) High cost disabilities grant = the total amount received by a school district under ORS
43 327.348, for providing special education and related services to resident pupils with disabilities.

44 (9)(a) Transportation grant equals:

45 (A) 70 percent of approved transportation costs for those school districts ranked below the 80th

1 percentile under paragraph (b) of this subsection.

2 (B) 80 percent of approved transportation costs for those school districts ranked in or above the
3 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

4 (C) 90 percent of approved transportation costs for those school districts ranked in or above the
5 90th percentile under paragraph (b) of this subsection.

6 (b) Each fiscal year, the Department of Education shall rank school districts based on the ap-
7 proved transportation costs per ADM of each school district, ranking the school district with the
8 highest approved transportation costs per ADM at the top of the order.

9 (10) Local Revenues are the total of the following:

10 (a) The amount of revenue offset against local property taxes as determined by the Department
11 of Revenue under ORS 311.175 (3)(a)(A);

12 (b) The amount of property taxes actually received by the district including penalties and in-
13 terest on taxes;

14 (c) The amount of revenue received by the district from the Common School Fund under ORS
15 327.403 to 327.410;

16 (d) The amount of revenue received by the district from the county school fund;

17 (e) The amount of revenue received by the district from the 25 percent of federal forest reserve
18 revenues required to be distributed to schools by ORS 294.060 (1);

19 (f) The amount of revenue received by the district from state managed forestlands under ORS
20 530.115 (1)(b) and (c);

21 (g) Moneys received in lieu of property taxes;

22 (h) Federal funds received without specific application by the school district and which are not
23 deemed under federal law to be nonsupplantable;

24 (i) Any positive amount obtained by subtracting the operating property taxes actually imposed
25 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would
26 have been imposed by the district if the district had certified the maximum rate of operating prop-
27 erty taxes allowed by law; and

28 (j) Any amount distributed to the district in the prior fiscal year under section 4 (3), chapter
29 695, Oregon Laws 2001, or ORS 327.019 (8).

30 (11) Notwithstanding subsection (10) of this section, Local Revenues do not include, if a school
31 district imposes local option taxes pursuant to ORS 280.040 to 280.145, an amount equal to the lesser
32 of:

33 (a) The amount of revenue actually received by the district from local option taxes imposed
34 pursuant to ORS 280.040 to 280.145;

35 (b) ~~[Fifteen]~~ **Twenty** percent of the combined total for the school district of the general purpose
36 grant, the transportation grant, the facility grant and the high cost disabilities grant of the district;
37 or

38 (c) ~~[\$750]~~ **\$1,000** per district extended ADMw, **increased each fiscal year by three percent**
39 **above the amount allowed per district extended ADMw for the prior fiscal year.**

40 (12)(a) Facility Grant = 8 percent of total construction costs of new school buildings.

41 (b) A school district shall receive a Facility Grant in the distribution year that a new school
42 building is first used.

43 (c) As used in this subsection:

44 (A) "New school building" includes new school buildings, adding structures onto existing school
45 buildings and adding premanufactured structures to a school district if those buildings or structures

1 are to be used for instructing students.

2 (B) "Construction costs" does not include costs for land acquisition.

3 **SECTION 7. The amendments to ORS 327.013 by section 6 of this 2007 Act become oper-**
4 **ative on July 1, 2009.**

5 **SECTION 8.** ORS 327.336 is amended to read:

6 327.336. (1) As used in this section:

7 (a) "Extended ADMw" means the district extended weighted average daily membership com-
8 puted under ORS 327.013 (6).

9 (b) "Local option tax rate" means the amount of local option taxes imposed by the school dis-
10 trict for the current fiscal year, after compression under ORS 310.150 and after subtraction of the
11 amount of school district local option taxes that are distributed to an urban renewal agency pursu-
12 ant to ORS 457.440, divided by the assessed value of the school district.

13 (c) "School district" means a common or union high school district.

14 (d) "Target district" means the school district that, for the fiscal year prior to the year for
15 which grants are being determined, had a total assessed value of taxable property per district ex-
16 tended ADMw that was greater than all but 25 percent of the school districts in this state for that
17 prior fiscal year. The Department of Education shall determine which school district is the target
18 district for a fiscal year, based on the total assessed values of school districts reported to the De-
19 partment of Education by the Department of Revenue for the fiscal year prior to the year for which
20 grants are being determined under this section.

21 (2) A school district shall receive a local option equalization grant for a fiscal year:

22 (a) In which the school district imposes local option taxes pursuant to ORS 280.040 to 280.145;
23 and

24 (b) For which the total assessed value of taxable property per extended ADMw of the school
25 district for the prior fiscal year does not exceed the total assessed value of taxable property per
26 extended ADMw of the target district for the prior fiscal year.

27 (3) The amount of the local option equalization grant shall equal the lesser of:

28 (a) The product of the local option tax rate of the school district for the current fiscal year \times
29 (total assessed value per extended ADMw of the target district for the prior fiscal year - total
30 assessed value per extended ADMw of the school district for the prior fiscal year) \times the extended
31 ADMw of the school district for the prior fiscal year; or

32 (b) The amount obtained by subtracting the local option tax imposed by the school district for
33 the current fiscal year, after compression under ORS 310.150, from the lesser of:

34 (A) [*Fifteen*] **Twenty** percent of the combined total for the school district of the general purpose
35 grant, the transportation grant, the facility grant and the high cost disabilities grant of the school
36 district for the current fiscal year; or

37 (B) [*\$750*] **\$1,000** multiplied by the extended ADMw of the school district for the current fiscal
38 year.

39 (4) If the amount computed under subsection (3)(b) of this section is zero or less, a local option
40 equalization grant may not be made to the school district for the fiscal year.

41 (5) As soon as is practicable after school districts have certified property taxes to the assessor
42 under ORS 310.060, the Department of Revenue shall report to the Department of Education a list
43 of school districts certifying local option taxes for the current fiscal year and the local option tax
44 rates for those districts. The amount of each local option equalization grant shall be calculated by
45 the Department of Education.

1 (6) If the election authorizing the imposition of a local option tax is held after the start of a
 2 biennium in which the local option tax is to be imposed, the local option equalization grant for a
 3 fiscal year of that biennium shall be determined as otherwise prescribed in this section, but may not
 4 be paid to the school district until the first fiscal year of the next succeeding biennium.

5 **SECTION 9. The amendments to ORS 327.336 by section 8 of this 2007 Act apply to local**
 6 **option equalization grants received by a school district on or after July 1, 2007.**

7 **SECTION 10.** ORS 327.336, as amended by section 8 of this 2007 Act, is amended to read:

8 327.336. (1) As used in this section:

9 (a) "Extended ADMw" means the district extended weighted average daily membership com-
 10 puted under ORS 327.013 (6).

11 (b) "Local option tax rate" means the amount of local option taxes imposed by the school dis-
 12 trict for the current fiscal year, after compression under ORS 310.150 and after subtraction of the
 13 amount of school district local option taxes that are distributed to an urban renewal agency pursu-
 14 ant to ORS 457.440, divided by the assessed value of the school district.

15 (c) "School district" means a common or union high school district.

16 (d) "Target district" means the school district that, for the fiscal year prior to the year for
 17 which grants are being determined, had a total assessed value of taxable property per district ex-
 18 tended ADMw that was greater than all but 25 percent of the school districts in this state for that
 19 prior fiscal year. The Department of Education shall determine which school district is the target
 20 district for a fiscal year, based on the total assessed values of school districts reported to the De-
 21 partment of Education by the Department of Revenue for the fiscal year prior to the year for which
 22 grants are being determined under this section.

23 (2) A school district shall receive a local option equalization grant for a fiscal year:

24 (a) In which the school district imposes local option taxes pursuant to ORS 280.040 to 280.145;
 25 and

26 (b) For which the total assessed value of taxable property per extended ADMw of the school
 27 district for the prior fiscal year does not exceed the total assessed value of taxable property per
 28 extended ADMw of the target district for the prior fiscal year.

29 (3) The amount of the local option equalization grant shall equal the lesser of:

30 (a) The product of the local option tax rate of the school district for the current fiscal year \times
 31 (total assessed value per extended ADMw of the target district for the prior fiscal year – total
 32 assessed value per extended ADMw of the school district for the prior fiscal year) \times the extended
 33 ADMw of the school district for the prior fiscal year; or

34 (b) The amount obtained by subtracting the local option tax imposed by the school district for
 35 the current fiscal year, after compression under ORS 310.150, from the lesser of:

36 (A) Twenty percent of the combined total for the school district of the general purpose grant,
 37 the transportation grant, the facility grant and the high cost disabilities grant of the school district
 38 for the current fiscal year; or

39 (B) \$1,000 multiplied by the extended ADMw of the school district for the current fiscal year.

40 **The amount multiplied by the extended ADMw of the school district shall be increased each**
 41 **fiscal year by three percent above the amount allowed for the prior fiscal year.**

42 (4) If the amount computed under subsection (3)(b) of this section is zero or less, a local option
 43 equalization grant may not be made to the school district for the fiscal year.

44 (5) As soon as is practicable after school districts have certified property taxes to the assessor
 45 under ORS 310.060, the Department of Revenue shall report to the Department of Education a list

1 of school districts certifying local option taxes for the current fiscal year and the local option tax
2 rates for those districts. The amount of each local option equalization grant shall be calculated by
3 the Department of Education.

4 (6) If the election authorizing the imposition of a local option tax is held after the start of a
5 biennium in which the local option tax is to be imposed, the local option equalization grant for a
6 fiscal year of that biennium shall be determined as otherwise prescribed in this section, but may not
7 be paid to the school district until the first fiscal year of the next succeeding biennium.

8 **SECTION 11. The amendments to ORS 327.336 by section 10 of this 2007 Act become op-**
9 **erative on July 1, 2008.**

10 **SECTION 12. The amendments to ORS 327.336 by section 10 of this 2007 Act apply to local**
11 **option equalization grants received by a school district on or after July 1, 2008.**

12 **SECTION 13. This 2007 Act takes effect on the 91st day after the date on which the**
13 **regular session of the Seventy-fourth Legislative Assembly adjourns sine die.**

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