

# Enrolled House Bill 2641

Sponsored by Representative BUCKLEY

CHAPTER .....

AN ACT

Relating to school finance; creating new provisions; amending ORS 327.013 and 327.336; and prescribing an effective date.

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

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

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

- (1) General Purpose Grant = Funding Percentage × Target Grant × District extended ADMw.
- (2) The funding percentage shall be calculated by the Superintendent of Public Instruction to distribute as nearly as practicable the total sum available for distribution of money.
- (3) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor.
- (4) Statewide Target per ADMw Grant = \$4,500.
- (5) Teacher Experience Factor = \$25 × {District average teacher experience – statewide average teacher experience}. “Average teacher experience” means the average, in years, of teaching experience of certified teachers as reported to the Department of Education.
- (6) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater.
- (7)(a) Weighted average daily membership or ADMw = average daily membership + an additional amount computed as follows:
  - (A) 1.0 for each student in average daily membership eligible for special education as a child with disabilities under ORS 343.035, applicable to not to exceed 11 percent of the district’s ADM without review and approval of the Department of Education. Children with disabilities eligible for special education in adult local correctional facilities as defined in ORS 169.005 or adult regional correctional facilities as defined in ORS 169.620 may not be included in the calculation of the 11 percent.
  - (B) 0.5 for each student in average daily membership eligible for and enrolled in an English as a second language program under ORS 336.079.
  - (C) 0.2 for each student in average daily membership enrolled in a union high school district or in an area of a unified school district where the district is only responsible for educating students in grades 9 through 12 in that area.
  - (D) -0.1 for each student in average daily membership enrolled in an elementary district operating kindergarten through grade 6 or kindergarten through grade 8 or in an area of a unified school district where the district is only responsible for educating students in kindergarten through grade 8.
  - (E) 0.25 times the sum of the following:

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

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

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

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

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

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

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

(9)(a) Transportation grant equals:

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

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

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

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

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

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

(b) The amount of property taxes actually received by the district including penalties and interest on taxes;

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

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

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

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

(g) Moneys received in lieu of property taxes;

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

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

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

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

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

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

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

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

(b) 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, the amount of property taxes actually received by the district, including penalties and interest on taxes, that results from an increase in the rate of ad valorem property tax of the district allowed under section 11 (5)(d), Article XI of the Oregon Constitution.

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

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

(c) As used in this subsection:

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

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

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

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

(b) Not actually imposed by the district.

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

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

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

(1) General Purpose Grant = Funding Percentage  $\times$  Target Grant  $\times$  District extended ADMw.

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

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

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

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

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

(7)(a) Weighted average daily membership or ADMw = average daily membership + an additional amount computed as follows:

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

correctional facilities as defined in ORS 169.620 may not be included in the calculation of the 11 percent.

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

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

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

(E) 0.25 times the sum of the following:

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

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

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

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

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

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

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

(9)(a) Transportation grant equals:

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

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

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

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

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

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

(b) The amount of property taxes actually received by the district including penalties and interest on taxes;

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

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

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

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

(g) Moneys received in lieu of property taxes;

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

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

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

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

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

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

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

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

(b) 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, the amount of property taxes actually received by the district, including penalties and interest on taxes, that results from an increase in the rate of ad valorem property tax of the district allowed under section 11 (5)(d), Article XI of the Oregon Constitution.

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

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

(c) As used in this subsection:

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

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

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

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

(b) Not actually imposed by the district.

**SECTION 4. The amendments to ORS 327.013 by section 3 of this 2007 Act become operative on July 1, 2008.**

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

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

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

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

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

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

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

(5) Teacher Experience Factor =  $\$25 \times \{\text{District average teacher experience} - \text{statewide average teacher experience}\}$ . "Average teacher experience" means the average, in years, of teaching experience of certified teachers as reported to the Department of Education.

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

(7)(a) Weighted average daily membership or ADMw = average daily membership + an additional amount computed as follows:

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

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

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

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

(E) 0.25 times the sum of the following:

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

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

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

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

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

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

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

(9)(a) Transportation grant equals:

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

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

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

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

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

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

(b) The amount of property taxes actually received by the district including penalties and interest on taxes;

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

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

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

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

(g) Moneys received in lieu of property taxes;

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

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

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

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

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

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

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

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

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

(c) As used in this subsection:

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

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

**SECTION 7. The amendments to ORS 327.013 by section 6 of this 2007 Act become operative on July 1, 2009.**

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

327.336. (1) As used in this section:

(a) "Extended ADMw" means the district extended weighted average daily membership computed under ORS 327.013 (6).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

327.336. (1) As used in this section:



(a) "Extended ADMw" means the district extended weighted average daily membership computed under ORS 327.013 (6).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**SECTION 11. The amendments to ORS 327.336 by section 10 of this 2007 Act become operative on July 1, 2008.**

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

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

**Passed by House May 31, 2007**

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Chief Clerk of House

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Speaker of House

**Passed by Senate June 19, 2007**

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President of Senate

**Received by Governor:**

.....M,....., 2007

**Approved:**

.....M,....., 2007

.....  
Governor

**Filed in Office of Secretary of State:**

.....M,....., 2007

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Secretary of State