

**REVENUE IMPACT OF
PROPOSED LEGISLATION
75th Oregon Legislative Assembly
2009 Regular Session
Legislative Revenue Office**

Bill Number:	SB 574 B
Revenue Area:	School Finance
Economist:	Steve Meyer
Date:	6/12/09

Measure Description:

Reconfigures 14 Education Service Districts (ESDs) into 7 new ESDs effective July 1, 2011. Maintains 6 existing ESDs. Requires the State Board of Education to enter the necessary orders prior to January 1, 2011 without boundary elections and with distribution of assets and liabilities. Divides ESDs into 5 zones for purposes of electing 5 directors who appoint 4 additional directors. Requires the 5 directors to be elected by school boards of component school districts. Makes employees of merged ESDs employees of new ESD and maintains employee contractual obligations. Modifies ESD regionalized core services. Makes minimum grant equal to at least \$1 million of state and local formula revenue for each former ESD that has a \$1 million minimum grant in 2010-2011.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2009-10	2010-11	2009-11	2011-2013	2013-2015
ESDs	\$ 0	\$ 0	\$ 0	\$ -0.1	\$ -0.1
School Districts	\$ 0	\$ 0	\$ 0	\$ -1.4	\$ -1.5
Total	\$ 0	\$ 0	\$ 0	\$ -1.5	\$ -1.6

Impact Explanation:

With the dissolving of Union-Baker ESD, the new ESD tax rates for these two counties will decrease to the rate of the annexing ESDs. This property tax reduction is shared by ESDs (4.75%) and school districts (95.25%) by the allocation of combined state and local formula revenue between them. The mergers will cause some ESD property tax rates to be higher and some lower, but raises about the same amount of tax revenue as before the mergers. The mergers will also result in a minor shift of formula revenue among ESDs from the reorganization of component school districts into new ESDs.

Creates, Extends or Expands Tax Expenditure: Yes No