

Senate Joint Resolution 35

Sponsored by COMMITTEE ON FINANCE AND REVENUE

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**.

Proposes revision of Oregon Constitution relating to ad valorem property taxation.
Refers proposed revision to people for their approval or rejection at next primary election.

JOINT RESOLUTION

Be it Resolved by the Legislative Assembly of the State of Oregon, two-thirds of all the members of each house concurring:

PARAGRAPH 1. The Constitution of the State of Oregon is revised by repealing section 11, Article XI, and by adopting the following new section 11 in lieu thereof:

SECTION 11. (1) The Legislative Assembly shall provide by law for the continuation of local taxing district levies as follows:

(a) Where permanent tax rates are in place, the rates continue until they are increased or decreased by a vote of the people of the district in which the increase or decrease is approved by 60 percent of the voters voting on the question.

(b) Where temporary tax rates are in place, the rates continue until the time the rates were scheduled to end according to a measure passed by the voters of the district prior to the effective date of this resolution.

(2) The Legislative Assembly shall provide by law a mechanism through which a local taxing district may seek the approval of the voters of the district for a temporary levy to increase tax rates for a period not to exceed seven years and subject to the limitations of section 11b of this Article.

PARAGRAPH 2. Section 11b, Article XI of the Constitution of the State of Oregon, is revised to read:

Sec. 11b. (1) *[During and after the fiscal year 1991-92, taxes]* **Taxes** imposed upon any property shall be separated into two categories: One which dedicates revenues raised specifically to fund the public school system and one which dedicates revenues raised to fund government operations other than the public school system. The taxes in each category shall be limited as set forth in the table which follows and these limits shall apply whether the taxes imposed on property are calculated on the basis of the value of that property or on some other basis:

MAXIMUM ALLOWABLE TAXES

For Each \$1000.00 of

Property's Real Market Value

Fiscal Year School System Other than Schools

1991-1992 \$15.00 \$10.00

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	1992-1993	\$12.50	\$10.00
2	1993-1994	\$10.00	\$10.00
3	1994-1995	\$ 7.50	\$10.00
4	1995-1996	\$ 5.00	\$10.00

5 **through**

6 **2011-2012**

7 **2012-2013 \$ 3.34 \$ 6.66**

8 and thereafter

9 Property tax revenues are deemed to be dedicated to funding the public school system if the
10 revenues are to be used exclusively for educational services, including support services, provided
11 by some unit of government, at any level from pre-kindergarten through post-graduate training.

12 (2) The following definitions shall apply to this section:

13 (a) "Real market value" is the minimum amount in cash which could reasonably be expected by
14 an informed seller acting without compulsion, from an informed buyer acting without compulsion,
15 in an "arms-length" transaction during the period for which the property is taxed.

16 (b) A "tax" is any charge imposed by a governmental unit upon property or upon a property
17 owner as a direct consequence of ownership of that property except incurred charges and assess-
18 ments for local improvements.

19 (c) "Incurred charges" include and are specifically limited to those charges by government
20 which can be controlled or avoided by the property owner.

21 (i) because the charges are based on the quantity of the goods or services used and the owner
22 has direct control over the quantity; or

23 (ii) because the goods or services are provided only on the specific request of the property
24 owner; or

25 (iii) because the goods or services are provided by the governmental unit only after the indi-
26 vidual property owner has failed to meet routine obligations of ownership and such action is deemed
27 necessary to enforce regulations pertaining to health or safety.

28 Incurred charges shall not exceed the actual costs of providing the goods or services.

29 (d) A "local improvement" is a capital construction project undertaken by a governmental unit

30 (i) which provides a special benefit only to specific properties or rectifies a problem caused by
31 specific properties, and

32 (ii) the costs of which are assessed against those properties in a single assessment upon the
33 completion of the project, and

34 (iii) for which the payment of the assessment plus appropriate interest may be spread over a
35 period of at least ten years.

36 The total of all assessments for a local improvement shall not exceed the actual costs incurred
37 by the governmental unit in designing, constructing and financing the project.

38 (3) The limitations of subsection (1) of this section apply to all taxes imposed on property or
39 property ownership except

40 (a) Taxes imposed to pay the principal and interest on bonded indebtedness authorized by a
41 specific provision of this Constitution.

42 (b) Taxes imposed to pay the principal and interest on bonded indebtedness incurred or to be
43 incurred for capital construction or improvements, provided the bonds are offered as general obli-
44 gations of the issuing governmental unit and provided further that either the bonds were issued not
45 later than November 6, 1990, or the question of the issuance of the specific bonds has been approved

1 by the electors of the issuing governmental unit.

2 (4) In the event that taxes authorized by any provision of this Constitution to be imposed upon
3 any property should exceed the limitation imposed on either category of taxing units defined in
4 subsection (1) of this section, then, notwithstanding any other provision of this Constitution, the
5 taxes imposed upon such property by the taxing units in that category shall be reduced evenly by
6 the percentage necessary to meet the limitation for that category. The percentages used to reduce
7 the taxes imposed shall be calculated separately for each category and may vary from property to
8 property within the same taxing unit. The limitation imposed by this section shall not affect the tax
9 base of a taxing unit.

10 (5) The Legislative Assembly shall replace from the State's general fund any revenue lost by the
11 public school system because of the limitations of this section. The Legislative Assembly is author-
12 ized, however, to adopt laws which would limit the total of such replacement revenue plus the taxes
13 imposed within the limitations of this section in any year to the corresponding total for the previous
14 year plus 6 percent. This subsection applies only during fiscal years 1991-92 through 1995-96, inclu-
15 sive.

16 **PARAGRAPH 3.** Section 8, Article VIII of the Constitution of the State of Oregon, is revised
17 to read:

18 **Sec. 8. Adequate and Equitable Funding.** (1) The Legislative Assembly shall appropriate in each
19 biennium a sum of money sufficient to ensure that the state's system of public education meets
20 quality goals established by law, and publish a report that either demonstrates the appropriation is
21 sufficient, or identifies the reasons for the insufficiency, its extent, and its impact on the ability of
22 the state's system of public education to meet those goals.

23 (2) Consistent with such legal obligation as it may have to maintain substantial equity in state
24 funding, the Legislative Assembly shall establish a system of Equalization Grants to eligible districts
25 for each year in which the voters of such districts approve local option taxes as described in Article
26 XI, section 11 [(4)(a)(B)] of this Constitution. The amount of such Grants and eligibility criteria shall
27 be determined by the Legislative Assembly.

28 **PARAGRAPH 4.** The Constitution of the State of Oregon is revised by creating a new section
29 11L to be added to and made a part of Article XI, such section to read:

30 **SECTION 11L. (1) The revision of sections 11 and 11b of this Article and the revision of**
31 **section 8, Article VIII of this Constitution, by Senate Joint Resolution 35 (2009) do not apply**
32 **to tax years beginning before July 1, 2012.**

33 **(2) The revision of sections 11 and 11b of this Article and the revision of section 8, Article**
34 **VIII of this Constitution, by Senate Joint Resolution 35 (2009) apply to tax years beginning**
35 **on or after July 1, 2012.**

36 **(3) This section is repealed August 17, 2016.**

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38 **PARAGRAPH 5.** The revision proposed by this resolution shall be submitted to the people
39 **for their approval or rejection at the next primary election.**

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