



# MEMORANDUM

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**Date:** March 1, 2011  
**To:** House Revenue Committee  
**From:** Larry Hill, Senior Financial Analyst  
**Subject:** Support for HJR 26

The City of Eugene urges your support for HJR 26, which would send a Constitutional amendment to the voters of the State of Oregon. If Oregon's voters approve, Article XI of the Oregon Constitution would be amended to allow the voters of individual cities, counties, school districts and other local taxing districts greater decision-making power about the level and duration of property tax funding they want to provide for their local services.

Measures 5 and 50 have disempowered citizens by imposing mandatory state restrictions on local property tax decisions. The permanent operating rate limits allowed by Measure 50 continue to be inadequate for many local taxing districts, causing districts to make reductions as well as turn to short-term local option property tax levies to close funding gaps and maintain important ongoing services. But Measure 5's tax caps, exacerbated by flattened real market values, are increasingly causing "compression" and reducing revenue from local option levies. Keep in mind that a local option levy must be approved by the voters, but Measure 5 compression often takes away part of that voter-approved revenue.

These impacts, together with projected levels of state funding for schools and loss of federal timber dollars, in the case of Lane County and other timber-dependent counties, are contributing to a building financial storm for cities, counties, school districts and other local taxing districts. School districts, including Eugene 4J and Bethel serving the citizens of Eugene, are already being pounded by this storm, and many cities and counties are not far behind.

MEASURE: HJR 26  
EXHIBIT: D  
HOUSE REVENUE COMMITTEE  
DATE: 3/1/2011 PAGES: 2  
SUBMITTED BY: MICHAEL ABOVAK