

Phillips Carol

MEASURE: HJR 14
EXHIBIT: BB
HOUSE REVENUE COMMITTEE
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SUBMITTED BY: GARY HELDT

From: Gary Heldt [heldt@4j.lane.edu]
Sent: Tuesday, May 10, 2011 10:30 AM
To: carol.phillips@state.or.us
Subject: Info for house revenue committee - thanks Carol!

Dear House Revenue Committee Members,

I appreciate your efforts to improve stability of public schools funding.

As you well know, about 2/3 of the general fund for most school districts in Oregon comes through the state, and about 1/3 is from local property taxes. In terms of stability, the state's general fund seems to be so dependent on income taxes, which in turn, is so subject to the gyrations of business cycles. Hence, funding Oregon's public school system rides that roller coaster to a significant degree, which is not a good thing. It is tough for me seeing the options and opportunities evaporating for the generation of kids currently in the k-12 system, just because they happen to be going through a unstable public education system at a time of a business cycle turndown.

It seems to me property taxes are a much more stable source of revenue. As I'm sure you know, even with real property values declining with the economy in recent years, the lower, *assessed* value of most property in Oregon has remained stable, so property tax revenues have tended to remain stable. I don't know what percentage of Oregon taxable property is in foreclosure, but what ever property tax is not currently being paid due to foreclosures, eventually it will be paid, be it by the bank that assumes ownership or a new owner. The point is, measure 5, which provided perhaps necessary property tax limits for fixed income folks, dramatically decreased financial *stability* of K-12 when it shifted most of the responsibility of public school funding to the state.

It seems to me that municipalities were arbitrarily given much more stability by measure 5 - twice the revenue at \$10/1k assessed value vs. \$5/1K for school districts. Why? Why not \$6.5 and \$8.5 respectively? or an even \$7.5/7.5? It seems odd to me municipalities were given twice the stability and revenue from of property tax assessment compared to school districts when municipalities have the ability to imposes fees for their various services (storm sewer fees, parking fees, you name it) where public education does not really have much ability to do that without being unfair to lower income kids.

While I like what house joint resolution 14 in terms of what it does for school funding stability and magnitude, I think it will be a tough sell to property owners, fixed-income property owners in particular. I would rather see a more property tax-neutral proposal, such as a shift to 6.5/8.5, perhaps phased in over a number of years. Cities have been spared the extreme cutting which public school districts have had to do. Municipalities can always impose fees if need be. Locally, I can tell you our city has not been shy about doing so, and frankly, seems to carry a

lot of staff and discretionary funding for functions that seem very discretionary and non-essential. I think they'll be fine.

I encourage you folks in the legislature to explore a re-definition of the measure 5 split.

Thanks for considering my opinion,

Gary Heldt
Eugene, Oregon