

Senate Joint Resolution 9

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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. Requires Legislative Assembly to provide by law for continuation of local option tax levies. Lowers maximum allowable taxes to \$3.33 per \$1,000 of real market value for public school system and \$6.67 per \$1,000 of real market value for government operations other than public school system.

Applies to tax years beginning on or after July 1, 2012.

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) For tax years beginning on or after July 1, 2012, the Legislative Assembly shall provide by law for the continuation of local taxing district levies as follows:

(a) Permanent tax rates that are in place continue until the rates are increased or decreased by a vote of the people of the taxing district.

(b) Temporary local option tax rates that are in place continue until the date the rates are scheduled to end according to a measure passed by the voters of the taxing district before the effective date of this section.

(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 taxing district for temporary local option tax levies and changes to permanent tax rates 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

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.

<u>Fiscal Year</u>	<u>School System</u>	<u>Other than Schools</u>
1991-1992	\$15.00	\$10.00
1992-1993	\$12.50	\$10.00
1993-1994	\$10.00	\$10.00
1994-1995	\$ 7.50	\$10.00
1995-1996	\$ 5.00	\$10.00
through		
2013-2014		
2014-2015	\$ 3.33	\$ 6.67

and thereafter

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Taxes imposed to pay the principal and interest on bonded indebtedness incurred or to be

1 incurred for capital construction or improvements, provided the bonds are offered as general obli-
 2 gations of the issuing governmental unit and provided further that either the bonds were issued not
 3 later than November 6, 1990, or the question of the issuance of the specific bonds has been approved
 4 by the electors of the issuing governmental unit.

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

13 *[(5) The Legislative Assembly shall replace from the State's general fund any revenue lost by the*
 14 *public school system because of the limitations of this section. The Legislative Assembly is authorized,*
 15 *however, to adopt laws which would limit the total of such replacement revenue plus the taxes imposed*
 16 *within the limitations of this section in any year to the corresponding total for the previous year plus*
 17 *6 percent. This subsection applies only during fiscal years 1991-92 through 1995-96, inclusive.]*

18 **PARAGRAPH 3. Section 11k, Article XI of the Constitution of the State of Oregon, is**
 19 **repealed.**

20 **PARAGRAPH 4.** Section 8, Article VIII of the Constitution of the State of Oregon, is revised
 21 to read:

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

27 (2) Consistent with such legal obligation as it may have to maintain substantial equity in state
 28 funding, the Legislative Assembly shall establish a system of Equalization Grants to eligible districts
 29 for each year in which the voters of such districts approve local option *[taxes]* **tax levies** as de-
 30 scribed in **section 11**, Article XII, *[section 11 (4)(a)(B)]* of this Constitution. The amount of such
 31 Grants and eligibility criteria shall be determined by the Legislative Assembly.

32 **PARAGRAPH 5.** The Constitution of the State of Oregon is revised by creating a new section
 33 11m to be added to and made a part of Article XI, such section to read:

34 **SECTION 11m.** (1) **The revision of sections 11 and 11b of this Article, the repeal of section**
 35 **11k of this Article and the revision of section 8, Article VIII of this Constitution, by Senate**
 36 **Joint Resolution 9 (2011) do not apply to tax years beginning before July 1, 2012.**

37 (2) **The revision of sections 11 and 11b of this Article, the repeal of section 11k of this**
 38 **Article and the revision of section 8, Article VIII of this Constitution, by Senate Joint Re-**
 39 **solution 9 (2011) apply to tax years beginning on or after July 1, 2012.**

40 (3) **This section is repealed January 1, 2016.**

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 42 **PARAGRAPH 6.** **The revision proposed by this resolution shall be submitted to the people**
 43 **for their approval or rejection at the next primary election.**