



House Bill 2632

Local Option Levy Exemption from Urban Renewal

Official Summary: Excludes local option taxes from definition of "consolidated billing tax rate" for purposes of computing urban renewal division of taxes for certain urban renewal plans. Takes effect on 91st day following adjournment sine die.

Background: In 2007 the Legislature passed significant reforms to the state's urban renewal statutes (HB 3056), including exempting local option levy collections from all future urban renewal districts. Overlooked at the time was the impact that existing urban renewal districts have on voter approved local option levies that were in place or would be passed or expanded in the future.

HB 2632 would exempt all local option levies approved or renewed after the effective date of the bill from division of taxes in urban renewal. There would be no immediate impact on urban renewal districts that benefit. However, upon renewal of a levy, any funds received from local option levy tax rates would transfer back to the school district or other local government.

This measure restores the true meaning of the local option levy and allows 100% of the levy proceeds to be spent on the areas outlined in the levy question. School districts are required to spend levy proceeds only on the items/areas called out in the measure; it is incongruous to have the same funds diverted away from their voter approved purpose for urban renewal.

PPS Impact: According to the Multnomah County Tax Supervising and Conservation Commission (TSCC) \$7.5 million is currently redirected from the PPS local option levy to urban renewal for the 2012-13 fiscal year. Portland renew the district's local option levy **the district would see an increase in local option levy collections of approximately \$4.4 million** (the difference is lost to compression when the funds are applied to the school BM5 limits).

PPS urges a yes vote on HB 2632 exempting voter approved local option levy revenues from being diverted to urban renewal agencies.

May, 17, 2011: Measure 26-122

BALLOT TITLE

PORTLAND PUBLIC SCHOOLS LEVY FOR TEACHERS AND EDUCATIONAL PROGRAMS

QUESTION: Shall schools protect class size, teaching positions; levy \$1..99 per \$1,000 assessed value for five years beginning 2011.; require oversight?

This measure may cause property taxes to increase by more than three percent.

SUMMARY : Portland Public Schools' voter-approved local option levy currently provides funding for retaining teachers and providing instructional programs that students need for a well-rounded education. As PPS responds to substantial cuts in state funding to local schools, continuing a local option will:

- Fund 600 teaching positions (some in every school), including 200 that would be lost in the coming school year due to state budget cuts without levy funds;
- Prevent substantial increases in class size so students receive more individual attention from teachers;
- Continue educational programs necessary for a well-rounded education.

Levy cost is \$1.99 per \$1,000 assessed property value of which \$1.25 per \$1,000 assessed property value is currently being paid. Typical home currently pays \$15.36 per month which would be replaced by payment of \$24.45 a month for five years.

No levy funds go to administration. Independent citizen oversight will review expenditures so funds are used as approved by voters.

The levy will produce an estimated \$57 million in 2011-12; \$58 million in 2012-13; \$62 million in 2013-14; \$65 million in 2014-15; and \$66 million in 2015-16.

Approved with 57.6% of the vote.

If HB 2632 is approved and the voters of Portland renew the district's local option levy **the district would see an increase in local option levy collections of approximately \$4.4 million** (the difference is lost to compression when the funds are applied to the school BM5 limits).

PPS urges a yes vote on HB 2632 exempting voter approved local option levy revenues from being diverted to urban renewal agencies.