



BEFORE THE: House Revenue Committee
REGARDING: HJR 7 - Support
BY: Betty Reynolds, OSBA Leg. Policy Cmttee.
DATE: 3-6-13

Chair Barnhart and members of the committee, for the record, my name is Betty Reynolds. I am a member of the West-Linn Wilsonville School Board and OSBA's Legislative Policy Committee. I am here today to ask for your support of HJR 7.

Background

Our locally elected school board members support legislative efforts to undertake a comprehensive review of Oregon's system of funding schools and other vital public services. I am sure that I don't need to remind you about the challenges facing our schools today. Oregon has one of the shortest school years in the nation and we have laid off thousands of teachers and school staff in the past 3 years. And unfortunately, it is beginning to impact our students all across the state.

Our members are encouraged by the discussions that this committee is having about our system of taxation. It will take significant fortitude for the Legislature to engage in this conversation, but you can count on the support of our members as you do it. It is our hope that this session will produce a referral or referrals to the voters of Oregon to deal with issues like compression. While our members are optimistic about a larger fix to the revenue system in the long run, there are measures that can and should be taken which can dramatically improve school funding across Oregon without impacting the state general fund. House Joint Resolution 7 is one of these measures.

Loss of Base Property Taxes for Schools

Right now, because of compression, about 90% of school districts in Oregon are losing significant local revenue. Current estimates show that almost \$36 million dollars in district base rate property taxes are going uncollected by school districts due to compression this school year. Additionally, ESDs are losing about \$2.5 million dollars due to base rate compression.

Unlike local option levies that are collected and spent in the district, local revenue collected from base school property taxes is included in the State School Fund calculation. Thus any loss of funds is a *net* loss to the total monies available to schools and impacts almost every school district and student in Oregon.

Our members believe the voters of Oregon should be asked the question whether or not Oregon's schools should be released from base rate compression created by Measure 5 property tax limits as HJR 7 proposes.

Local Control and Local Funding

HJR 7 also allows local districts to ask their local voters to increase their property taxes, up to the new \$7.50 per thousand cap, and keep this money within the district and outside of the State School Fund. While our members are strong supporters of equalization of school funding at the state level, they are equally committed to local control and allowing local communities to decide if they want to increase their investments in their public schools.

If Oregonians want to pay for a service they value, they should be able to do so; for OSBA members, if a local community chooses to raise money for their schools, the school district should be able to collect the full value of the levy. Compression is a serious and growing impediment to base school funding in Oregon and HJR 7 merits your serious consideration.

Thank you for your time and attention to this important matter. Our members look forward to working with you on these issues of critical importance.