



Representative Sara Gelser  
House District 16 (Corvallis/Philomath)

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## HJR 7

**In brief:** HJR 7 would restore the voter approved Measure 5 property tax limit for schools to \$7.50/thousand. HJR 7 would also allow school districts to ask their local voters to enact a permanent local levy. The proceeds of that levy would stay in the local school district (with passage of companion bill, HB 2424). **If HJR 7 is passed by voters, it is estimated that HJR 7 could put approximately \$300 million into Oregon's public schools in the first biennium after passage.** It would also increase revenues for Community Colleges and Education Service Districts.

### **Relief from Compression**

90% of school districts in Oregon are under compression. A few of these school districts (18 school districts, or 10% of Oregon school districts) are in compression because they have local option levies. This means they are not able to collect the full anticipated value of voter approved levies. Districts with levies have seen significant reductions in their collections in recent years.

However, the vast majority of school districts in compression have no local option levy. When the compression loss is in the base school rate, all school districts share in that loss because it is a loss to the state school fund. Every student in the state suffers because of this. **In 2012-13, Oregon schools will lose \$35.8 million to compression in the base property tax rate.** This is compression that is NOT due to a local option levy.

Currently, no community college or ESD has a local option levy. However, many are in compression. **In 2012-13, ESDs are losing \$2.5 million and Community Colleges are losing \$3.8 million to compression.**

Raising the property tax cap for schools to \$7.50 would immediately release all school districts, community colleges and ESDs from compression. This means that school districts with levies will collect the full value of their levies. It also means that all base rate compression will also be released. As a result, there will be an immediate boost to the State School Fund, benefitting every Oregon school district without the need for a subsequent election. Community Colleges and ESD programs will also find relief.

## **Improved Stability**

Currently, the only mechanism school districts have to boost funding for local schools is a temporary, local operating levy. **HJR 7 would improve stability for districts by allowing them (for a limited time) to ask their voters to increase their permanent rate for schools.** This would allow districts more local control, and the ability to rely on the funding they use to pay for core classroom functions. It would also allow communities to fund priorities unique to the needs of their students.

**Under HJR 7, school districts would have a four year window during which they could ask their voters to impose a permanent levy for their schools.** Voters would have to approve the levy. By restricting the opportunity to four years, voters are protected from multiple increases in their property tax rates and school districts will have the incentive to be modest in their request to voters. In addition, the specific time frame will urge districts to take advantage of the opportunity more quickly.

**Under HJR 7, voters get to decide about local funding for their schools.** They can choose to pursue a new permanent rate, they can choose to pursue a temporary local operating levy, or they can choose not to enact any new local taxes for school support.

## **Why is This Important?**

Oregon public schools are starving for resources. ***Today, Oregon spends just over \$1000 less per student than it did in 1990-91 in inflation adjusted dollars.*** Our kids cannot afford this continued disinvestment. HJR 7 will provide an immediate boost to Oregon schools. **Passage of the constitutional referral will pump an estimated \$300 million into Oregon schools in the first biennium without requiring any future elections.** There is the potential to add hundreds of millions dollars more to local school districts if local voters choose to enact permanent levies for their schools.

In addition, HJR 7 is the only property tax reform proposal currently under consideration that will immediately help every school district in the state and will provide compression relief to Education Service Districts and Community Colleges.

## **Quick Facts:**

### **2012-2013 Tax Year**

**Loss to compression for school district local option levies: \$61, 415,445**

**Number of School Districts Impacted: 18**

**Loss to compression in base rate: \$35,870,195**

**Number of School Districts Impacted: 184**

**Loss to compression for ESDs: \$2.5 million**

**Loss to compression for Community Colleges: \$3.8 million**