

House Bill 2424

Sponsored by Representative GELSER; Representatives BUCKLEY, DOHERTY, GARRETT, KENY-GUYER (Pre-session filed.)

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**.

Changes exclusion from local revenues for purposes of State School Fund distributions and local option equalization grants.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to local revenues for purposes of state school funding; creating new provisions; amending
3 ORS 327.011 and 327.336; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 327.011 is amended to read:

6 327.011. For the purpose of State School Fund distributions for school districts:

7 (1) Local Revenues are the total of the following:

8 (a) The amount of revenue offset against local property taxes as determined by the Department
9 of Revenue under ORS 311.175 (3)(a)(A).

10 (b) The amount of property taxes actually received by the district, including penalties and in-
11 terest on taxes.

12 (c) The amount of revenue received by the district from the Common School Fund under ORS
13 327.403 to 327.410.

14 (d) The amount of revenue received by the district from the county school fund.

15 (e) The amount of revenue received by the district from the 25 percent of federal forest reserve
16 revenues required to be distributed to schools by ORS 294.060 (1).

17 (f) The amount of revenue received by the district from state managed forestlands under ORS
18 530.115 (1)(b) and (c).

19 (g) Moneys received in lieu of property taxes.

20 (h) Federal funds received without specific application by the school district and that are not
21 deemed under federal law to be nonsupplantable.

22 (i) Any positive amount obtained by subtracting the operating property taxes actually imposed
23 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would
24 have been imposed by the district if the district had certified the maximum rate of operating prop-
25 erty taxes allowed by law.

26 (j) Any amount distributed to the district in the prior fiscal year under ORS 327.019 (8).

27 (2) Local Revenues do not include[:]

28 *[(a) If a school district imposes local option taxes pursuant to ORS 280.040 to 280.145, an amount*
29 *equal to the lesser of:]*

30 *[(A)]* the amount of revenue actually received by the district from local option taxes imposed

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.

1 pursuant to ORS 280.040 to 280.145[.];

2 *[(B) Twenty percent of the total received by the school district from the general purpose grant, the*
 3 *transportation grant, the facility grant and the high cost disabilities grant of the district, as those*
 4 *grants are calculated under ORS 327.013; or]*

5 *[(C) \$1,000 per district extended ADMw, as calculated under ORS 327.013, increased each fiscal*
 6 *year by three percent above the amount allowed per district extended ADMw for the prior fiscal*
 7 *year.]*

8 *[(b) For a school district with a statutory rate limit on July 1, 2003, that is greater than \$4.50 per*
 9 *\$1,000 of assessed value, the amount of property taxes actually received by the district, including pen-*
 10 *alties and interest on taxes, that results from an increase in the rate of ad valorem property tax of the*
 11 *district allowed under section 11 (5)(d), Article XI of the Oregon Constitution.]*

12 **SECTION 2. The amendments to ORS 327.011 by section 1 of this 2013 Act apply to State**
 13 **School Fund distributions commencing with the 2013-2014 distribution.**

14 **SECTION 3.** ORS 327.011, as amended by section 1 of this 2013 Act, is amended to read:

15 327.011. For the purpose of State School Fund distributions for school districts:

16 (1) Local Revenues are the total of the following:

17 (a) The amount of revenue offset against local property taxes as determined by the Department
 18 of Revenue under ORS 311.175 (3)(a)(A).

19 (b) The amount of property taxes actually received by the district, including penalties and in-
 20 terest on taxes.

21 (c) The amount of revenue received by the district from the Common School Fund under ORS
 22 327.403 to 327.410.

23 (d) The amount of revenue received by the district from the county school fund.

24 (e) The amount of revenue received by the district from the 25 percent of federal forest reserve
 25 revenues required to be distributed to schools by ORS 294.060 (1).

26 (f) The amount of revenue received by the district from state managed forestlands under ORS
 27 530.115 (1)(b) and (c).

28 (g) Moneys received in lieu of property taxes.

29 (h) Federal funds received without specific application by the school district and that are not
 30 deemed under federal law to be nonsupplantable.

31 (i) Any positive amount obtained by subtracting the operating property taxes actually imposed
 32 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would
 33 have been imposed by the district if the district had certified the maximum rate of operating prop-
 34 erty taxes allowed by law.

35 (j) Any amount distributed to the district in the prior fiscal year under ORS 327.019 (8).

36 (2) Local Revenues do not include the amount of revenue actually received by the district:

37 (a) From local option taxes imposed pursuant to ORS 280.040 to 280.145[.]; **or**

38 (b) **Due to an increase in the district's permanent rate pursuant to Article XI, section**
 39 **11m, of the Oregon Constitution.**

40 **SECTION 4. (1) The amendments to ORS 327.011 by section 3 of this 2013 Act do not be-**
 41 **come effective unless the amendment to the Oregon Constitution proposed by House Joint**
 42 **Resolution 7 (2013) is approved by the people at the regular general election held in November**
 43 **2014. The amendments to ORS 327.011 by section 3 of this 2013 Act become effective on the**
 44 **effective date of that amendment.**

45 **(2) If the amendment to the Oregon Constitution proposed by House Joint Resolution 7**

1 **(2013) is approved by the people, the amendments to ORS 327.011 by section 3 of this 2013**
 2 **Act apply to State School Fund distributions commencing with the 2015-2016 distribution.**

3 **SECTION 5.** ORS 327.336 is amended to read:

4 327.336. (1) As used in this section:

5 (a) "Extended ADMw" means the district extended weighted average daily membership com-
 6 puted under ORS 327.013 (1)(c).

7 (b) "Local option tax rate" means the amount of local option taxes imposed by the school dis-
 8 trict for the current fiscal year, after compression under ORS 310.150 and after subtraction of the
 9 amount of school district local option taxes that are distributed to an urban renewal agency pursu-
 10 ant to ORS 457.440, divided by the assessed value of the school district.

11 (c) "School district" means a common or union high school district.

12 (d) "Target district" means the school district that, for the fiscal year prior to the year for
 13 which grants are being determined, had a total assessed value of taxable property per district ex-
 14 tended ADMw that was greater than all but 25 percent of the school districts in this state for that
 15 prior fiscal year. The Department of Education shall determine which school district is the target
 16 district for a fiscal year, based on the total assessed values of school districts reported to the De-
 17 partment of Education by the Department of Revenue for the fiscal year prior to the year for which
 18 grants are being determined under this section.

19 (2) A school district shall receive a local option equalization grant for a fiscal year:

20 (a) In which the school district imposes local option taxes pursuant to ORS 280.040 to 280.145;
 21 and

22 (b) For which the total assessed value of taxable property per extended ADMw of the school
 23 district for the prior fiscal year does not exceed the total assessed value of taxable property per
 24 extended ADMw of the target district for the prior fiscal year.

25 (3) The amount of the local option equalization grant shall equal *[the lesser of:]*

26 *[(a)]* the product of the local option tax rate of the school district for the current fiscal year
 27 \times (total assessed value per extended ADMw of the target district for the prior fiscal year – total
 28 assessed value per extended ADMw of the school district for the prior fiscal year) \times the extended
 29 ADMw of the school district for the prior fiscal year.; *or]*

30 *[(b)]* *The amount obtained by subtracting the local option tax imposed by the school district for the*
 31 *current fiscal year, after compression under ORS 310.150, from the lesser of:]*

32 *[(A)]* *Twenty percent of the combined total for the school district of the general purpose grant, the*
 33 *transportation grant, the facility grant and the high cost disabilities grant of the school district for the*
 34 *current fiscal year; or]*

35 *[(B)]* *\$1,000 multiplied by the extended ADMw of the school district for the current fiscal year. The*
 36 *amount multiplied by the extended ADMw of the school district shall be increased each fiscal year by*
 37 *three percent above the amount allowed for the prior fiscal year.]*

38 *[(4)]* *If the amount computed under subsection (3)(b) of this section is zero or less, a local option*
 39 *equalization grant may not be made to the school district for the fiscal year.]*

40 *[(5)]* (4) As soon as is practicable after school districts have certified property taxes to the
 41 assessor under ORS 310.060, the Department of Revenue shall report to the Department of Education
 42 a list of school districts certifying local option taxes for the current fiscal year and the local option
 43 tax rates for those districts. The amount of each local option equalization grant shall be calculated
 44 by the Department of Education.

45 *[(6)]* (5) If the election authorizing the imposition of a local option tax is held after the start of

1 a biennium in which the local option tax is to be imposed, the local option equalization grant for a
2 fiscal year of that biennium shall be determined as otherwise prescribed in this section, but may not
3 be paid to the school district until the first fiscal year of the next succeeding biennium.

4 **SECTION 6. The amendments to ORS 327.336 by section 5 of this 2013 Act apply to local**
5 **option equalization grants received by a school district on or after July 1, 2014.**

6 **SECTION 7. This 2013 Act takes effect on the 91st day after the date on which the 2013**
7 **regular session of the Seventy-seventh Legislative Assembly adjourns sine die.**

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