

# House Joint Resolution 20

Sponsored by COMMITTEE ON REVENUE

## 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 to allow common school districts and union high school districts to impose taxes to fund public school system at maximum allowable rate of \$6.50 per \$1,000 of property's real market value, or \$7.50 per \$1,000 of property's real market value if district submits question of rate to voters. Provides that taxes imposed in excess of Ballot Measure 5 (1990) limits may not be taken into account for purposes of apportioning state funds to common school districts and union high school districts. Requires Legislative Assembly to enact property tax relief program for seniors and disabled individuals pursuant to which assessed value of homestead is frozen.

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.** Section 11b, Article XI of the Constitution of the State of Oregon, is revised to read:

**Sec. 11b.** (1)(a) During and after the fiscal year 1991-92, 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

<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

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.

**(b) Notwithstanding paragraph (a) of this subsection, for tax years beginning on or after July 1, 2014, the maximum allowable taxes imposed by a common school district or a union**

**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 **high school district specifically to fund the public school system is:**

2 **(A) \$6.50 for each \$1,000 of property's real market value.**

3 **(B) \$7.50 for each \$1,000 of property's real market value provided the district submits the**  
 4 **question of the \$7.50 rate to voters in the district and obtains the approval of a majority of**  
 5 **the voters voting on the question. The voter participation requirements described in sub-**  
 6 **section (8) of section 11 of this Article apply to an election under this subparagraph.**

7 **(c) Section 11 of this Article does not apply to taxes imposed under paragraph (b) of this**  
 8 **subsection.**

9 **(d) Taxes imposed under this subsection in excess of a school district's permanent rate**  
 10 **may not be taken into account in the apportionment of state funds to common school dis-**  
 11 **tricts and union high school districts.**

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

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

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

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

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

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

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

28 **(B) Incurred charges shall not exceed the actual costs of providing the goods or services.**

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

31 (i) which provides a special benefit only to specific properties or rectifies a problem caused by  
 32 specific properties[, and];

33 (ii) the costs of which are assessed against those properties in a single assessment upon the  
 34 completion of the project[.]; and

35 (iii) for which the payment of the assessment plus appropriate interest may be spread over a  
 36 period of at least [ten] 10 years.

37 **(B) The total of all assessments for a local improvement shall not exceed the actual costs in-**  
 38 **curring by the governmental unit in designing, constructing and financing the project.**

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

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

43 (b) Taxes imposed to pay the principal and interest on bonded indebtedness incurred or to be  
 44 incurred for capital construction or improvements, provided the bonds are offered as general obli-  
 45 gations of the issuing governmental unit and provided further that either the bonds were issued not

1 later than November 6, 1990, or the question of the issuance of the specific bonds has been approved  
 2 by the electors of the issuing governmental unit.

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

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

16 **PARAGRAPH 2.** The Constitution of the State of Oregon is revised by creating a new section  
 17 11m to be added to and made a part of Article XI, such section to read:

18 **SECTION 11m. (1) The Legislative Assembly shall enact a property tax relief program**  
 19 **pursuant to which, notwithstanding section 11 of this Article, the assessed value of the**  
 20 **homestead, as defined by law, of a person meeting certain eligibility requirements based on**  
 21 **age or disability, as determined pursuant to an application process under law, does not in-**  
 22 **crease during the period in which the eligible person is enrolled in the program.**

23 **(2) Section 32, Article I, and section 1, Article IX of this Constitution, do not apply to this**  
 24 **section.**

25 **PARAGRAPH 3.** Section 11e, Article XI of the Constitution of the State of Oregon, is revised  
 26 to read:

27 **Sec. 11e.** If any portion, clause or phrase of *[sections 11b to 11e]* **section 11b, 11c, 11d, 11e or**  
 28 **11m** of this Article is for any reason held to be invalid or unconstitutional by a court of competent  
 29 jurisdiction, the remaining portions, clauses and phrases *[shall not be]* **are not** affected but *[shall]*  
 30 remain in full force and effect.

31  
 32 **PARAGRAPH 4.** **The revision proposed by this resolution shall be submitted to the people**  
 33 **for their approval or rejection at the next primary election.**