

House Joint Resolution 7

Sponsored by Representative GELSER; Representatives BUCKLEY, 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**.

Proposes amendment to Oregon Constitution to return to former maximum allowable rate of taxes to fund public school system of \$7.50 per \$1,000 of property's real market value and allow period during which school districts may seek approval of voters for increase in permanent rate limit.

Refers proposed amendment to people for their approval or rejection at next regular general election.

JOINT RESOLUTION

Be It Resolved by the Legislative Assembly of the State of Oregon:

PARAGRAPH 1. The Constitution of the State of Oregon is amended by amending section 11b, Article XI, and by creating new sections 11m, 11n and 11o to be added to and made a part of Article XI, such sections 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

(b) 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.

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

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

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

4 (c)(A) “Incurred charges” include and are specifically limited to those charges by government
 5 which can be controlled or avoided by the property owner[.] **because:**

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

8 (ii) [*because the*] **The** goods or services are provided only on the specific request of the property
 9 owner; or

10 (iii) [*because the*] **The** goods or services are provided by the governmental unit only after the
 11 individual property owner has failed to meet routine obligations of ownership and such action is
 12 deemed necessary to enforce regulations pertaining to health or safety.

13 **(B)** Incurred charges [*shall*] **may** not exceed the actual costs of providing the goods or services.

14 (d)(A) A “local improvement” is a capital construction project undertaken by a governmental
 15 unit:

16 (i) [*which*] **Which** provides a special benefit only to specific properties or rectifies a problem
 17 caused by specific properties[, *and*];

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

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

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

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

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

28 (b) Taxes imposed to pay the principal and interest on bonded indebtedness incurred or to be
 29 incurred for capital construction or improvements, provided the bonds are offered as general obli-
 30 gations of the issuing governmental unit and provided further that either the bonds were issued not
 31 later than November 6, 1990, or the question of the issuance of the specific bonds has been approved
 32 by the electors of the issuing governmental unit.

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

41 [*(5) The Legislative Assembly shall replace from the State’s general fund any revenue lost by the*
 42 *public school system because of the limitations of this section. The Legislative Assembly is authorized,*
 43 *however, to adopt laws which would limit the total of such replacement revenue plus the taxes imposed*
 44 *within the limitations of this section in any year to the corresponding total for the previous year plus*
 45 *6 percent. This subsection applies only during fiscal years 1991-92 through 1995-96, inclusive.]*

1 **SECTION 11m. (1)(a) Notwithstanding subsection (3) of section 11 of this Article, during**
2 **the calendar years 2015 through 2019, or a period determined by the Legislative Assembly, a**
3 **school district may increase the limit on the rate of ad valorem property tax imposed by the**
4 **district by submitting the increased permanent rate limit to a vote of the voters in the dis-**
5 **trict.**

6 **(b) The increased permanent rate limit must be approved by a majority of voters voting**
7 **on the question.**

8 **(2) For calendar years beginning after 2019, the Legislative Assembly may provide by law**
9 **for periods during which a school district may increase the district’s permanent rate limit**
10 **in the manner provided in subsection (1) of this section.**

11 **(3) As used in the laws of this state, unless the context requires otherwise, the “perma-**
12 **nent rate limit” and “permanent rate limitation” of a school district include the permanent**
13 **rate limit of the school district as increased pursuant to this section.**

14 **SECTION 11n. Notwithstanding paragraph (b) of subsection (11) of section 11 of this Ar-**
15 **ticle, for property tax years beginning on or after July 1, 2015, the limits on property taxes**
16 **per \$1,000 of real market value described in subsection (1) of section 11b of this Article shall**
17 **be determined on the basis of property taxes imposed in each geographic area taxed by the**
18 **same local taxing districts.**

19 **SECTION 11o. (1) The amendments to section 11b of this Article by House Joint Resol-**
20 **ution 7 (2013) apply to property tax years beginning on or after July 1, 2015.**

21 **(2) This section is repealed on January 2, 2019.**

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23 **PARAGRAPH 2. The amendment proposed by this resolution shall be submitted to the**
24 **people for their approval or rejection at the next regular general election held throughout**
25 **this state.**

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