

STAFF MEASURE SUMMARY

House Committee On Revenue

Fiscal: No Fiscal Impact

Revenue: No Revenue Impact

Action Date:

Action:

Meeting Dates: 02/16, 02/26

Vote:

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WHAT THE MEASURE DOES:

Eliminates requirement that all urban renewal revenue be categorized as subject to the \$10 limitation per \$1,000 of real market value under Measure 5 constitutional property tax limits. Requires municipality that activated the urban renewal plan to include in notice filed with county assessor a description of amounts subject to Measure 5 education or general government constitutional limits. Removes statutory provisions held unconstitutional by Oregon courts. Defines terms. Applies to property tax years beginning on or after July 1, 2016.

ISSUES DISCUSSED:

- Effect change would have upon education related compression
- Effect of past court decisions
- Alignment of OR Constitution and statute.

EFFECT OF COMMITTEE AMENDMENT:

-1 Replaces content of bill

Removes statutory provisions relating to categorization of property tax revenue under Measure 5 that were held unconstitutional by Oregon courts. Takes effect on 91st day following adjournment sine die.

BACKGROUND:

Current Oregon statutes requiring all urban renewal taxes to be categorized under the general government category for Measure 5 compression do not align with decisions by the Oregon Supreme Court.

The Oregon Supreme Court Opinion in *Urhausen v. Eugene*, determined that "Property tax revenues are deemed to be dedicated to funding the public school system if the revenues are used exclusively for educational services". The court explained that it was the use of revenues not the source that determines under what category (education or general government) that Measure 5 limits are calculated.

In FY 2013-14, statewide compression loss as a percentage of tax extended was 5.9% for education and 3.5% for general government. Amounts can differ considerably depending upon location. For example compression loss as a percent of tax extended for Portland 1J school district was about 26% in FY 2013-14 as compared to 12% for City of Portland.