

**PRELIMINARY STAFF MEASURE SUMMARY**

**Senate Committee On Finance and Revenue**

**Fiscal:** No Fiscal Impact

**Revenue:** No Revenue Impact

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**Action Date:**

**Action:**

**Meeting Dates:** 05/20

**Prepared By:** Kyle Easton, Economist

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**WHAT THE MEASURE DOES:**

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.

**ISSUES DISCUSSED:**

Measure includes statutory cleanup language

- Reasoning for inclusion of ORS 310.155 (2) in measure language
- Clarification of Tax Court and Supreme Court decision
- Hypothetical examples
- Description of Urhausen v. City of Eugene, and Eugene's taxing levy that led to litigation and court decision.

**EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

**BACKGROUND:**

In Urhausen v. Eugene, the Oregon Supreme Court upheld the Tax Court's judgment holding subsections (2) and (3) of ORS 310.155 as unconstitutional. The measure as amended removes the two subsections from statute. 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.