

PRELIMINARY STAFF MEASURE SUMMARY

House Committee On Revenue

**Fiscal:** Fiscal impact issued

Sub. Referrals: House Committee On Rules

**Revenue:** May have revenue impact, but no statement yet issued

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**Action Date:**

**Action:**

**Meeting Dates:** 05/06

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**WHAT THE MEASURE DOES:**

Submits to the people for their approval or rejection proposed amendment to Oregon Constitution to be voted on at next primary election. Proposed amendment would require permanent limit on rate of ad valorem property taxes imposed by a county to not be less than \$2.00 per thousand of assessed value (AV). Requires county taxing district to impose not less than \$2.00 per thousand dollars in AV of district operating taxes. Removes application of constitutional limits contained in Article XI, section 11b (Measure 5 limits) from applying to first \$2.00 per thousand county operating taxes. If necessary, requires compression of county local option taxes first, followed by permanent taxes. Applies to property tax years beginning on or after July 1, 2016.

**ISSUES DISCUSSED:**

- Addressing budgetary needs as part of need for revenue changes
- Two broad interests of public: property tax limits & services desired
- City Club of Portland property tax report
- Poll results of public's support for taxes in general
- Forcing upon local governments and populations property taxes at levels perhaps unsupported by populations with tax below minimum level
- History of bad things happening because of low tax and subsequent low level of county provided services
- Number of counties below limits that have attempted to raised taxes but not received voter support
- Effect of recent PERS decision and assumption new revenues automatically go to services
- Extent of county commissioner support for testimony provided by Association of Oregon Counties
- Number of voters that own property in Oregon
- Prior session passed bill for fiscally distressed counties
- Local assessment and CAFFA funding

**EFFECT OF COMMITTEE AMENDMENT:**

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Requires constitutional property tax limitations contained in Section 11b subsection 11 to not apply to taxes imposed pursuant Section 11(3)(b)(B) as amended by HJR 21.

FISCAL: Fiscal impact issued REVENUE: No revenue impact, statement issued (Indeterminate Impact)

**BACKGROUND:**

Before Measure 50, local governments and voters set levies, and tax rates were the result of dividing levies by assessed value. Under Measure 50, permanent tax rates replaced most levies, making the permanent rates central to the property tax system. District permanent rates were established based upon district tax levy amounts being levied at the time. District permanent rates are fixed and cannot be increased without a constitutional amendment.