

HJR 9 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 3/1, 3/30

WHAT THE MEASURE DOES:

Proposes an amendment to the Oregon Constitution to allow the surviving or successor district, following a merger of a union high school district and a common school district, to maintain respective permanent rate limit of each district before the merger, for purposes of imposing ad valorem property taxes. Refers the proposed amendment to the people for their approval or rejection at the next regular general election.

ISSUES DISCUSSED:

- Administrative savings and efficiency gains
- Geographic dispersion of feeder schools to the Harney County Union High School District
- Need for maintaining existing permanent rates, rather than one balanced rate required by the Constitution in case of taxing district merger
- No impact on available formula revenue for distribution thanks to no change in permanent rates
- Insignificant funding change for the merged district in comparison to status quo

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon Constitution Article XI Section 11. (3) (d) If two or more local taxing districts seek to consolidate or merge, the limit on the rate of ad valorem property tax to be imposed by the consolidated or merged district shall be the rate that would produce the same tax revenue as the local taxing districts would have cumulatively produced in the year of consolidation or merger, if the consolidation or merger had not occurred.

ORS 330.003 (1)(a) "Merger" includes any alteration, annexation, merger, consolidation, lengthening the course of study or other change under ORS 330.090 to 330.107, 334.710 to 334.770 and 335.490 to 335.505.

(b) "Merger" includes only those proceedings in which the entire territory of an involved school district is merged. The permanent rate limit for operating taxes for a school district after merger shall be the rate that would produce the same operating tax revenue as the school districts prior to merger would have cumulatively produced in the year of merger if the merger, not taking into account any applicable statutory rate limit, had not occurred.

ORS 327.147 Increased allocation when union high school district becomes common school district. (1) When a union high school district becomes a common school district, as described in ORS 335.505, the common school district shall be entitled to an increased allocation, based on the total average daily membership, as defined in ORS 327.006, of the new common school district as follows:

- (a) An additional 15 percent in the first year of operation as a common school district;
- (b) An additional 10 percent in the second year of operation as a common school district; and
- (c) An additional five percent in the third year of operation as a common school district.

(2) The amounts authorized by this section shall be computed based on the computation of the affected district's allocation of moneys from the State School Fund but shall be payable from funds specifically appropriated for the purposes of this section.