

**SB 123 B -B5 STAFF MEASURE SUMMARY**

**House Committee On Revenue**

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**Meeting Dates:** 6/15, 7/1

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**WHAT THE MEASURE DOES:**

Authorizes formation of children's special districts and provides districts the authority to assess, levy and collect taxes to pay the cost of children's services within the boundaries of the district. For purposes of children's special districts, defines "children" as individuals who are not more than 18 years old and "children's services" as services that support children's total health and well-being that are provided to children outside of school hours. Requires a children's special district that dedicates any revenue of children's special district to be used for educational services, including support services, as determined in a final decision of a court, to discontinue the project and instead use the revenue for a project that does not constitute education services, including support services. Requires petition for formation of children's special district to be signed by greater of 15 percent or more of electors in territory or 100 electors. Aligns formation and changes of organization of children's special districts with existing special district statutes.

**ISSUES DISCUSSED:**

6/15/2017

- Why this could not be done through an existing district
- How success of a program, funded through this new district, would be judged
- Breadth of services that may be provided by district
- Other entities with overlapping mission, funding sources for these types of programs
- Formation of district would be a local decision
- Compression, how permanent rates and local option levies would/could potentially be impacted.

**EFFECT OF AMENDMENT:**

-B5 Specifies that children's special districts may not propose or have a permanent rate limit for operating taxes. Allows children's special districts to impose a local option ad valorem property tax by submitting the question of the levy to voters and obtaining a majority of the voters voting on the question. Limits local option tax to no more than five years and requires local option tax to be compressed proportionally with all other local option taxes imposed by other taxing districts. Allows children's special district to be formed in a county with a population greater than 550,000 and less than 700,000 at time of formation. Sunsets initial formation of children's special district on January 1, 2024. Requires Legislative Revenue Officer, within two years following first property tax year of children's special district, to report to interim committees on revenue regarding children's special district tax imposed, program expenditures and similar program expenditures of other districts.

**BACKGROUND:**

Changes to current law provided by the measure will allow for the creation of children's special districts, however, no children's special districts will be created directly because of the measure. ORS 198.705 - 198.955 provide the general requirements for formation of new special districts. ORS 198.815 requires proposals for formation that include a permanent rate limit for operating taxes of a proposed district to be voted on in either a May or November election.

Article XI, Section 11b. of the Oregon Constitution states in part:

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.

This Summary has not been adopted or officially endorsed by action of the committee.