

**REVENUE IMPACT OF  
PROPOSED LEGISLATION  
79th Oregon Legislative Assembly  
2017 Regular Session  
Legislative Revenue Office**

**Bill Number: HJR 9  
Revenue Area: School Finance  
Economist: Dae Baek  
Date: 3/29/2017**

***Only Impacts on Original or Engrossed  
Versions are Considered Official***

**Measure Description:** 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.

**Revenue Impact (in \$Millions):** This constitutional amendment does not have any impact on the formula revenue available for distribution to school districts and education service districts.

**Impact Explanation:** (1) No impact on available formula revenue: after the merger, the surviving or successor school district will maintain respective permanent rate limit of each district before the merger. Therefore, the newly merged district will collect and contribute to the pool of formula revenue, the same amount of local revenue as the sum of local revenues that the two districts would have individually collected and contributed before the merger.

(2) Minimal impact on distribution of formula revenue: currently, a union high school district has an additional 0.2 weight per average daily membership (ADM), and a common school district with only K-8 students loses 0.1 weight per ADM. The newly merged district will not have such additional weight nor loss of weight as it becomes a common school district serving K-12 student population. However, when a union high school district becomes a common school district, the common school district is entitled to certain additional but gradually declining weights per ADM for three years as specified in ORS 327.147, which mitigates financial impact due to loss of additional weight. A consequence of these changes is that the weighted ADM (ADMw) for the surviving or successor district is likely to be different from the sum of ADMw's of the two school districts in the absence of the merger. Teacher experience factor and transportation cost reimbursement rate for the merged district may also be different from respective rates of each district before the merger.

Despite the merger's probable impact on ADMw, teacher experience factor, and transportation grant, an analysis based on current school data shows a minimal change in formula revenue distribution before and after the merger. That is, the merged district receives about the same amount of formula revenue as the sum of formula revenues that the two districts would have individually received before the merger.

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No