

HJR 9 STAFF MEASURE SUMMARY

House Committee On Revenue

Action Date: 04/03/17

Action: Be adopted. Refer to Rules.

Vote: 9-0-0-0

Yeas: 9 - Barnhart, Bentz, Buehler, Hernandez, Johnson, Marsh, Nosse, Smith G, Smith Warner

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

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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
- Applicability of this constitutional amendment to mergers of two common school districts, e.g., a rural and an urban school districts

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

According to the 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. The related statutory requirements are found in ORS 330.003.

ORS 327.147 specifies that when a union high school district becomes a common school district, the common school district shall be entitled to an increased allocation, based on the total average daily membership 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.