



CONFEDERATION OF OREGON SCHOOL ADMINISTRATORS

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TO: House Committee on Revenue – February 7, 2018

FR: Morgan Allen, Confederation of Oregon School Administrators (COSA)

RE: House Bill 4117

Chair Barnhart and members of the House Revenue Committee:

On behalf of COSA I would like to offer comments in favor of House Bill 4117. Our members endorse the ability of local voters to raise additional funds to support their K-12 schools using local option levies. House Bill 4117 is a necessary update to Oregon's State School Fund rules that will ensure that all school districts can collect the full value of local option levies approved by voters.

Background

Local option levies are available to school districts and tax the gap between assessed value and the real market value of assessed properties. In communities across Oregon, this gap has grown significantly as the housing market has recovered and assessed values have reached unprecedented levels.

Coupled with HB 2632 (2013 Session), which closed a loophole that previously allowed school district local option money to be siphoned off to urban renewal districts, still more funds can be collected by school district local option levies under the provisions of Measures 5 and 50.

State School Fund Issues

When local option levies were created in the 1990's, the State School Fund created limits on how much would be exempt from local revenue calculations as funding equalization was phased in. These limits were increased in 2003 and 2007/2008 to reflect inflation and the growth in funds that could be collected under local option levies.

Due to unprecedented development in Portland, the rebound of the housing market and the closure of the urban renewal loophole, Portland Public Schools local option levy now exceeds the limits allowed under the State School Fund formula.

Solution - House Bill 4117

House Bill 4117 ensures that Portland and all school districts can maximize the support of their voters and constituents through local option levies by:

- Updating the limits for local option levies to reflect the growth in assessed value across the state and redirection of urban renewal funds back to schools (HB 2632 -2013);
- Allowing Portland Public Schools to retroactively collect the full value of their local option levy as their voters intended; and
- Ensuring that all school districts across Oregon will not be subject to outdated local option limits under the State School Fund that do not reflect current law and Oregon's booming home and property values.

COSA Asks for Your Support of House Bill 4117

HB 4117 ensures that local option levies can be collected as voters intended. We also support the fix to allow Portland Public Schools to collect all the funds their voters intended when they overwhelmingly supported passage of a local option levy in 2014. COSA urges your "Yes" vote for HB 4117.