



Date: February 14, 2019
To: Senate Finance and Revenue Committee, Chair Hass and Members
From: Laurie Wimmer, OEA Government Relations Consultant
RE: SB 543 [*Children's Service Districts*]

It is my honor to testify on behalf of OEA's 44,000 members in support of SB 543, which creates the right of local entities to form children's service districts.

The sponsors of this bill propose to allow the creation of special districts to serve the unmet needs of Oregon's children, from birth to age 18, especially focusing on those in poverty. This bill would enable a region to establish such a district with the authority to impose a new property tax amount to fund such programs in support of our kids as after-school programs, summer programs, and activities in arts, music, recreation, health, technology, and skill development.

Because of a long-term decline in the dollars our public schools have had to work with – declining from 44 percent share of the General Fund to 38 percent in just a few biennia – good people with creative ideas have stepped forward to help. In Portland, a children's levy was passed that provides just these kinds of supports. Were this bill to pass, even more students might be able to have programs such as the SUN program, or summer enrichments to stave off the "summer slide" phenomenon. We therefore applaud the innovative thinking of the Washington County Kids Fund, which devised this proposal.

Ever since the passage of the property-tax-limiting Ballot Measure 5 (1990), however, such workarounds have been generally challenged. (So far, Portland Children's Levy is the exception). Our worry with previous versions of this concept was that the levies may be challenged, and that schools' already-dwindling property tax and local-option levy pots could be reduced. Were the levy challenged, there would exist a strong likelihood that the courts would find these resources as "educational services" because the members of the general public would not avail themselves of them (per *Urhausen v. City of Eugene*).

Thus, in past sessions, we were unable to support the bill for fear of compressing the school share of property tax millage rates, or because of a fear of expensive litigation. This year's bill, however, includes language that appears to fix these problems, and we are now in the position of recommending passage of SB 543, which aims to help some of our neediest children. We thank Sen. Riley for his willingness to accommodate our concerns.

It is our understanding that if an opponent of a service district files suit on the grounds that the proposed program is actually an educational expense, subject to the \$5 property tax cap, the service district will immediately discontinue the project. This language seems to protect school districts from compression and from litigation costs, because it does not require action on the part of the district. The language in section 2 (2)(b) of the bill states "If an action is filed...". We seek to establish that the intent is "filed in a lawsuit" so that it is clear that objections will be public and immediately responded to with the action prescribed.

With that caveat, which could be satisfied either with a statement of legislative intent or through an amendment, we offer our unqualified support.

Thank you.