



May 20, 2019

Chair Keny-Guyer and Members of the House Human Services and Housing Committee

Re: Washington County Opposes SB 543

In each of the past three legislative sessions, Washington County has considered legislative proposals to form children's service districts to serve our growing communities. Each session, we raised questions and concerns that could not be resolved, and left us unable to support any of those proposals. We had hoped the introduction of SB 543 in the current legislative session would address these long-standing questions and concerns. But I'm sorry to report it has not.

SB 543 fails to give clear purpose or identify needs that should be served by the formation of a children's service district—whether in our county, or in any other corner of our state. However well-intentioned, the bill cannot define the geographic boundaries to be served by a children's district; identify the programs or services that would be provided, or even guess at the numbers of children that need to be served.

In addition, while city governments are able to approve or reject the formation of a children's service district in their community, county governments are not. This means that a newly-created children's district could be formed to serve only the unincorporated areas of a county—outside city limits, but overlapping school district boundaries that often extend beyond city limits.

What is clear from SB 543, is the fiscal impact that a newly-created service district could have on local governments. Authorizing the formation of a children's service district, and granting it permanent taxing authority, would further compress local property tax levies that are currently used to fund other voter-approved programs and services.

In Washington County, for example, we rely on 5-year operating levies to fund our Public Safety and Cooperative Library Services. Both of these levies won overwhelming support from voters when they were renewed in 2016. Yet property tax revenues derived from these levies would be the first to be impacted by the formation of a new taxing district in our County.

Compression is already reducing \$472,316 from these two levies in the current (2018-19) fiscal year, costing \$309,957 from our public safety and victims assistance programs, and an additional \$162,359 from our county library services system.

There are currently 22 city, county and regional governments, fire districts, special districts, and other jurisdictions operating in Washington County. Together, these taxing districts are already losing \$886,003.07 to compression on their current property tax base (see attached). Passage of SB 543 would grant permanent taxing authority to new service districts, which will only add to this compression and further erode the vital services of these programs and services

For these reasons, Washington County must also oppose passage of SB 543, and encourages members of the House Human Services and Housing Committee to oppose it as well.

For additional information or clarification, please contact

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Measure 5 Compression Loss by District

Education

<i>School Districts</i>	<i>Tax Reduction</i>
Banks School District	18,824.82
Beaverton School District	4,188,579.80
Forest Grove School District	77,827.22
Gaston School District	7,157.22
Hillsboro School District	1,260,026.35
Lake Oswego School District	27,634.19
Newberg School District	1,503.45
Portland School District	92,248.22
Scappoose School District	136.49
Sherwood School District	74,535.46
Tigard-Tualatin School District	2,493,109.48
Vernonia School District	71.47
West Linn School District	36,372.74

<i>Community Colleges</i>	<i>Tax Reduction</i>
Portland Community College	122,112.91

<i>Education Service Districts</i>	<i>Tax Reduction</i>
Clackamas ESD	122.02
Multnomah ESD	499.97
NW Regional ESD	66,156.20
Willamette ESD	95.71

Education Total:	\$8,467,013.72
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General Government

<i>County, Regional, Special</i>	<i>Tax Reduction</i>
Washington County	473,719.64
Urban Road Maintenance District	1.21
Enhanced Sheriff Patrol District	25.65
Metro Service District	70,557.49
Port of Portland	39.47
Tualatin Hills Park & Recreation	559.91
Tigard/Tualatin Aquatic District	0.20
North Bethany Service District	5.91
Tualatin Soil & Water District	43.12

<i>Cities</i>	<i>Tax Reduction</i>
Beaverton	1.06
Cornelius	41.98
Gaston	120.25
Hillsboro	62.82
Portland	8,825.22

<i>Fire</i>	<i>Tax Reduction</i>
Gaston RFPD	1,447.46
Tualatin Valley Fire & Rescue	325,423.19

<i>Urban Renewal Agencies</i>	<i>Tax Reduction</i>
Portland UR	611.97
Portland Special Levy	125.96
Beaverton UR	0.10

<i>Local Improvement Districts and Special Assessments</i>	
Manufactured Home Dwelling Fee	14.68
Road Maintenance LID	2,555.49
Service District Lighting #1	1,820.29

Government Total:	\$886,003.07
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Compression - Reduction in taxes required by the Measure 5 property tax rate limits approved in 1990. County assessors calculate compression as a dollar amount, but it can also be expressed as a tax rate. Compression is done on a property-by-property basis.

Measure 5 - Constitutional tax rate limitations passed by voters in November 1990, which can be found at Article XI, Section 11b, of the Oregon Constitution. Measure 5 limited school taxes to \$15 per \$1,000 of assessed value and non-school taxes to \$10 per \$1,000 of assessed value starting in 1991-92. The school limit fell by \$2.50 per \$1,000 each year until it reached \$5 per \$1,000 in 1995-96. The non-school limit remains at \$10 per \$1,000. Levies to pay bond principal and interest for capital construction projects are outside the limitation. The Measure 5 rate limits still apply under the provisions of Measure 50, passed in 1997, but now apply to M5 value.

Source: Oregon Property Tax Statistics, Oregon Dept. of Revenue (Rev. 8-02)