

# School Finance: Local Option Property Tax

House Committee on Revenue

Presented by

Legislative Revenue Office

State of Oregon

Legislative Revenue Office

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# Local Option Property Tax for Schools

- **Measure 50 and Measure 5**
- **Inception of Local Option Property Tax (1999)**
- **Local Option Property Taxes excluded from Formula – cap has changed over time**
- **Data**
- **-1 Amendment to HB 3221**
- **Local Option Equalization Grants**





# Measure 50 and Measure 5

- In 1997, Ballot Measure 50 (revision to Measure 47 in 1996) amended the constitution to add a new limit to Oregon's local property tax system
- Measure 50 property tax limit is usually lower than the 1990 Measure 5 limit (Let's define the **difference** as M5 limit – M50 limit)
- Measure 50 allowed use of this difference with various restrictions
- School districts – needed legislative approval to use the difference





# Inception of Local Option Taxes for Schools: HB 2753 (1999)

- Allowed school districts to seek voter approval of a local option property tax for operational expenses (5-year limit)
- **Excluded local option tax from local revenue in the school funding equalization formula**
- Made taxes excluded equal to the least of
  - (1) Actual collections of local option taxes,
  - (2) 10% of formula revenue, or
  - (3) \$500 per weighted student (or per extended ADMw)
- Allowed districts to collect less than the full tax approved by voters
- **Excess collections over-the-cap flow into the pool of formula revenue**





# Excluded local option revenue from formula

- **SB 550 (2003)** increased the limits on the amount of local option revenue that are excluded from the definition of local revenues in the formula revenue to the lesser of (1) 15% of the district's formula revenue or (2) \$750 per extended ADMw
- **HB 2641 (2007)** increased limits (1) to \$1,000 per weighted student or (2) to 20% of formula revenue; still the lesser of the two
- **HB 2641 (2007)** also escalated the \$1,000 limit by 3% per year beginning in 2008-09
- **HB 4117 (2018)** increased limits (1) to \$2,000 per weighted student with 3% annual escalation beginning in 2019-20, or (2) to 25% of formula revenue; still the lesser of the two





# A Closer Look into School District Property Taxes

(Imposed, \$1,000): FY 2021-22\*

District Type	Permanent Authority			Local Option			Bonds		
	FY 20-21	FY 21-22	% CH	FY 20-21	FY 21-22	% CH	FY 20-21	FY 21-22	% CH
County	1,098,335	1,148,164	4.5	147,517	157,109	6.5	17,097	70,390	311.7
City	1,220,024	1,274,138	4.4	103,036	154,864	50.3	100,874	101,804	0.9
<b>School</b>	<b>2,060,872</b>	<b>2,150,896</b>	<b>4.4</b>	<b>239,734</b>	<b>253,193</b>	<b>5.6</b>	<b>816,814</b>	<b>822,901</b>	<b>0.7</b>
<b>Education Service</b>	<b>145,629</b>	<b>151,981</b>	<b>4.4</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
Community College	201,322	209,916	4.3	0	0	0.0	106,237	107,925	1.6
Cemetery	3,310	3,469	4.8	0	65	0.0	0	0	0.0
Fire	368,530	383,531	4.1	60,997	66,965	9.8	23,480	23,551	0.3
Health	35,006	36,831	5.2	5,268	5,197	-1.4	5,525	4,794	-13.2
Park	95,010	99,125	4.3	1,538	1,558	1.3	15,099	15,652	3.7
Port	22,917	23,868	4.2	0	0	0.0	963	1,153	19.8
Road	13,520	13,958	3.2	152	158	3.8	8	8	0.0
Sanitary	1,315	1,390	5.7	0	0	0.0	1,404	1,403	0.0
Water Supply	3,078	3,148	2.3	1,315	1,361	3.5	1,409	1,403	-0.4
Water Control	20,533	26,059	26.9	0	0	0.0	284	300	5.9
Vector Control	5,365	5,630	4.9	1,948	2,063	5.9	0	0	0.0
Service	46,262	48,340	4.5	17,394	18,039	3.7	75,041	75,465	0.6
Other	263,454	274,925	4.4	19,219	19,741	2.7	0	12,553	0.0
<b>Statewide Total</b>	<b>5,604,481</b>	<b>5,855,369</b>	<b>4.5</b>	<b>598,120</b>	<b>680,313</b>	<b>13.7</b>	<b>1,164,234</b>	<b>1,239,303</b>	<b>6.4</b>





# Imposed Property Taxes: School Districts

(\$ million)

<b>FY</b>	<b>Permanent Rate</b>	<b>% ch</b>	<b>Local Option</b>	<b>% ch</b>
<b>2011-12</b>	<b>1,438.9</b>	<b>1.9%</b>	<b>94.8</b>	<b>11.2%</b>
<b>2012-13</b>	<b>1,457.7</b>	<b>1.3%</b>	<b>86.9</b>	<b>-8.3%</b>
<b>2013-14</b>	<b>1,504.1</b>	<b>3.2%</b>	<b>113.2</b>	<b>30.3%</b>
<b>2014-15</b>	<b>1,581.1</b>	<b>5.1%</b>	<b>134.1</b>	<b>18.5%</b>
<b>2015-16</b>	<b>1,658.0</b>	<b>4.9%</b>	<b>155.4</b>	<b>15.9%</b>
<b>1016-17</b>	<b>1,729.1</b>	<b>4.3%</b>	<b>170.4</b>	<b>9.7%</b>
<b>2017-18</b>	<b>1,809.8</b>	<b>4.7%</b>	<b>185.8</b>	<b>9.0%</b>
<b>2018-19</b>	<b>1,883.9</b>	<b>4.1%</b>	<b>200.1</b>	<b>7.7%</b>
<b>2019-20</b>	<b>1,969.1</b>	<b>4.5%</b>	<b>229.8</b>	<b>14.8%</b>
<b>2020-21</b>	<b>2,060.9</b>	<b>4.7%</b>	<b>239.7</b>	<b>4.3%</b>
<b>2021-22</b>	<b>2,150.9</b>	<b>4.4%</b>	<b>253.2</b>	<b>5.6%</b>
<b>2022-23*</b>	<b>2,258.3</b>	<b>5.0%</b>		
Source: Oregon Dept of Revenue				
*preliminary				



# Imposed Local Option Property Taxes by School Districts (FY 2021-22)

<b>District Name</b>	<b>Imposed</b>
<b>Portland Public Schools</b>	<b>109.0</b>
<b>Beaverton</b>	<b>38.4</b>
<b>Eugene</b>	<b>22.6</b>
<b>North Clackamas</b>	<b>22.1</b>
<b>Lake Oswego</b>	<b>14.8</b>
<b>West Linn</b>	<b>11.0</b>
<b>Tigard</b>	<b>10.9</b>
<b>Corvallis</b>	<b>8.9</b>
<b>Ashland</b>	<b>4.5</b>
<b>Hood River</b>	<b>3.1</b>
<b>Seaside</b>	<b>1.8</b>
<b>Sisters</b>	<b>1.8</b>
<b>Siuslaw</b>	<b>1.6</b>
<b>Philomath</b>	<b>1.1</b>
<b>Riverdale</b>	<b>1.0</b>
<b>Crow-Applegate-Lorane</b>	<b>0.3</b>
<b>Sweet Home</b>	<b>0.3</b>
<b>Falls City</b>	<b>0.1</b>

(in \$million)

Source: Oregon Department of Revenue, Property  
Tax Statistics

5/10/2023





# Local Options Property Taxes: Imposed vs 25% Cap (21-22), \$1,000

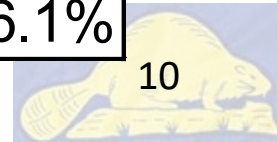
District Name	extended ADMw	Total Formula Revenue	Local Option Imposed	Current Law Test		Usage		HB 3221
	(A)	(B)	(C)	ADMw (A)* \$2,185.45	25% cap = (B)*0.25	(C) divided by 25% cap	Margin to 25% cap	(A)*\$3,500
Philomath SD 17J	1,827	\$17,276	\$1,098	\$3,993	\$4,319	25.4%	74.6%	\$6,394
Corvallis SD 509J	7,482	\$72,677	\$8,853	\$16,352	\$18,169	48.7%	51.3%	\$26,188
West Linn-Wilsonville SD 3J	10,544	\$101,988	\$10,976	\$23,044	\$25,497	43.0%	57.0%	\$36,905
Lake Oswego SD 7J	7,655	\$73,175	\$14,849	\$16,729	\$18,294	81.2%	18.8%	\$26,791
North Clackamas SD 12	19,773	\$192,208	\$22,088	\$43,213	\$48,052	46.0%	54.0%	\$69,205
Seaside SD 10	1,823	\$17,378	\$1,842	\$3,985	\$4,344	42.4%	57.6%	\$6,382
Sisters SD 6	1,241	\$11,968	\$1,768	\$2,713	\$2,992	59.1%	40.9%	\$4,344
Hood River County SD	4,830	\$46,050	\$3,064	\$10,555	\$11,512	26.6%	73.4%	\$16,904
Ashland SD 5	2,901	\$27,061	\$4,485	\$6,340	\$6,765	66.3%	33.7%	\$10,153
Eugene SD 4J	19,102	\$182,135	\$22,603	\$41,746	\$45,534	49.6%	50.4%	\$66,857
Crow-Applegate-Lorane SD 66	402	\$3,990	\$346	\$879	\$997	34.7%	65.3%	\$1,408
Siuslaw SD 97J	1,454	\$13,841	\$1,578	\$3,177	\$3,460	45.6%	54.4%	\$5,088
Sweet Home SD 55	2,586	\$24,662	\$294	\$5,651	\$6,166	4.8%	95.2%	\$9,050
Portland SD 1J	55,688	\$540,173	\$108,957	\$121,704	\$135,043	80.7%	19.3%	\$194,909
Riverdale SD 51J	688	\$6,375	\$1,007	\$1,505	\$1,594	63.2%	36.8%	\$2,410
Falls City SD 57	331	\$3,040	\$121	\$724	\$760	16.0%	84.0%	\$1,160
Tigard-Tualatin SD 23J	13,888	\$138,500	\$10,899	\$30,352	\$34,625	31.5%	68.5%	\$48,609
Beaverton SD 48J	46,997	\$452,607	\$38,364	\$102,710	\$113,152	33.9%	66.1%	\$164,490





# Current Law Caps for a Better View (21-22)

District Name	Local Option Imposed	Current Law Test (Cap)		Usage	
		(C)	ADMw * \$2,185.45	25% of formula revenue	(C) divided by 25% cap
Lake Oswego SD 7J	\$14,849	\$16,729	\$18,294	81.2%	18.8%
Hood River County SD	\$3,064	\$10,555	\$11,512	26.6%	73.4%
Crow-Applegate-Lorane SD 66	\$346	\$879	\$997	34.7%	65.3%
Sweet Home SD 55	\$294	\$5,651	\$6,166	4.8%	95.2%
Portland SD 1J	\$108,957	\$121,704	\$135,043	80.7%	19.3%
Falls City SD 57	\$121	\$724	\$760	16.0%	84.0%
Beaverton SD 48J	\$38,364	\$102,710	\$113,152	33.9%	66.1%





# Local Option Equalization Grants (ORS 327.333)

- To provide substantial equity in opportunity among school districts in which electors support local option taxes for primary and secondary education
- Provide grant supplements to those districts that enact local option taxes and that have lower property wealth per student

## Local Option Equalization Grants (2021-22, \$1,000)

<u>District</u>	<u>Grants</u>
Beaverton	\$1,328.8
Crow-Applegate-Lorane	\$12.9
Hood River	\$589.5
Philomath	\$539.9
Sweet Home	\$213.7
Falls City	\$173.4
<b>State Total</b>	<b>\$2,858.3</b>

Source: Oregon Department of Education



# For More Information

- LEGISLATIVE REVENUE OFFICE
- 900 Court St. NE, Room 160
- Temporary location - 255 Capitol St NE (5h floor)
- Salem, OR 97310
- 503-986-1266
- <https://www.oregonlegislature.gov/lro>