House Bill 2423

Sponsored by Representative GELSER; Representatives BUCKLEY, GARRETT, KENY-GUYER (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced.**

Makes conforming changes necessitated by amendment to Oregon Constitution proposed by House Joint Resolution 7 (2013).

Takes effect only if House Joint Resolution 7 (2013) is approved by people at next regular general election. Takes effect on effective date of constitutional amendment proposed in House Joint Resolution 7 (2013).

1 **A BILL FOR AN ACT**

2 Relating to taxation for schools; amending ORS 250.038, 280.070, 310.150, 310.238 and 328.579; and

3   prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5   **SECTION 1.** ORS 310.150 is amended to read:

6   310.150. (1) The three categories within which ad valorem property tax items are to be cate-

7 gorized in the notice to be filed under ORS 310.060 and for which category rates of ad valorem

8 property taxes are to be computed under ORS 310.090 and tentative consolidated category rates are

9 to be computed for each code area under ORS 310.147 are as follows:

10   (a) Taxes levied or imposed for the purpose of funding exempt bonded indebtedness.

11   (b) Taxes levied or imposed for the purpose of funding the public school system and that are not

12 described in paragraph (a) of this subsection.

13   (c) Taxes levied or imposed for the purpose of funding government operations other than public

14 school system operations and that are not described in paragraph (a) of this subsection.

15   (2) After computation of the tentative ad valorem property tax consolidated rate for each cate-

16 gory under ORS 310.147, and after calculation of the amount of ad valorem property taxes to be

17 imposed on properties in the county, but before extending any taxes on the assessment and tax roll,

18 the assessor shall determine whether the total amount of taxes on property to be imposed on each

19 property in the code area in each category is within the limits described in subsection (3) of this

20 section.

21   (3)(a) The assessor shall determine whether the ad valorem property taxes to be imposed on any

22 property exceed the limits described in this subsection in order to ensure, as guaranteed in **Article**

23 **XI,** section 11 (11) and 11b, [*Article XI*] of the Oregon Constitution, that taxes imposed in each ge-

24 ographic area taxed by the same local taxing districts do not exceed [*$5*] **$7.50** (public school system)

25 and $10 (other government) per $1,000 of real market value.

26   (b) For the category of taxes imposed for the purpose of funding the public school system that

27 are not for the purpose of paying principal and interest on exempt bonded indebtedness, if the ten-

28 tative consolidated ad valorem property tax rate determined under subsection (2) of this section

29 exceeds [*$5*] **$7.50** per $1,000 of real market value, the consolidated rate shall be adjusted as pro-

30 vided in this section so that the consolidated rate for the public school system category equals

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 [*$5*] **$7.50** per $1,000 of real market value.

2 (c) For the category of taxes imposed for the purpose of funding government operations other

3 than the public school system and that are not for the purpose of paying principal and interest on

4 exempt bonded indebtedness, if the tentative consolidated ad valorem property tax rate exceeds $10

5 per $1,000 of real market value, the consolidated rate shall be adjusted as provided in this section

6 so that the consolidated rate for the other government category equals $10 per $1,000 of real market

7 value.

8 (d) For the category of taxes imposed for the purpose of paying principal and interest on exempt

9 bonded indebtedness, the tentative consolidated rate determined under subsection (2) of this section

10 shall be the consolidated rate for the exempt bonded indebtedness category.

11 (4) If the taxes on property in either category to be imposed on any property in the code area

12 exceed the limit established for that category in subsection (3) of this section, the assessor shall

13 reduce the taxes by applying a reduction ratio.

14 (5)(a) If local option taxes described under ORS 280.040 to 280.145 have been adopted by one or

15 more taxing districts in the code area, the reduction ratio shall be calculated under this subsection

16 and applied only to the local option taxes imposed on the property for which the taxes are being

17 determined.

18 (b) Local option taxes subject to compression under this subsection include urban renewal divi-

19 sion of tax revenue that is derived from the division of local option tax authority.

20 (c) The numerator of the reduction ratio shall be the amount obtained (but not less than zero)

21 by subtracting the tentative consolidated category rate of ad valorem property taxes that are not

22 local option taxes from the maximum rate of ad valorem property taxes for the category described

23 in subsection (3) of this section.

24 (d) The denominator for the ratio shall be the total rate of all local option taxes for the cate-

25 gory.

26 (e) The assessor shall multiply the reduction ratio determined under this subsection by each

27 local option tax amount to which the property is subject in the category.

28 (f) So reduced, the assessor shall again determine if the total taxes for the category to be im-

29 posed on the property exceed the limits described in subsection (3) of this section. If the reduced

30 taxes for the category do not exceed the category limit, such taxes shall be the taxes used to com-

31 pute the consolidated rate for the code area in which the property is located. If the reduced taxes

32 for the category still exceed the category limit after all local option taxes have been eliminated, the

33 taxes in the category shall be subject to further reduction under subsection (6) of this section.

34 (6)(a) If the property is not subject to local option taxes or if all local option taxes have been

35 eliminated as a result of the application of the reduction ratio calculated under subsection (5) of this

36 section, and the tentative consolidated rate determined under ORS 310.147 for the category exceeds

37 the maximum rate of ad valorem property taxes for the category described in subsection (3) of this

38 section, the reduction ratio shall be determined under this subsection.

39 (b) The numerator of the reduction ratio shall be the maximum rate permitted for the category

40 described in subsection (3) of this section.

41 (c) The denominator of the reduction ratio shall be the tentative consolidated category rate

42 under ORS 310.147 (or the category rate applicable to the property after the reduction under sub-

43 section (5) of this section, if applicable).

44 (d) The assessor shall multiply the reduction ratio determined under this subsection by the

45 amount of each taxing district item of ad valorem property tax that is a component of the tentative

1 consolidated category rate for the code area in which the property is located.

2 (7) In determining whether the taxes described in subsection (1)(c) of this section exceed the

3 limitation under subsection (3)(c) of this section, all moneys raised through the urban renewal spe-

4 cial levy described in ORS 457.435 and all moneys raised through the urban renewal division of tax,

5 including amounts derived from exempt bonded indebtedness authority and local option tax author-

6 ity, must be categorized as subject to the limitation described in subsection (3)(c) of this section.

7 **SECTION 2.** ORS 310.238 is amended to read:

8 310.238. (1) In order to ensure that the consolidated rates for each code area do not exceed the

9 [*$5*] **$7.50** per $1,000 of real market value limit for the public school system and $10 per $1,000 of

10 real market value limit for other government operations that is guaranteed in **Article XI,** section

11 11 (11) and 11b, [*Article XI*] of the Oregon Constitution, the assessor shall, for each code area,

12 convert the constitutional rate limit for each category into a rate per $1,000 of assessed value by

13 multiplying the applicable rate limit by a fraction, the numerator of which is the code area market

14 value and the denominator of which is the code area assessed value.

15 (2) The assessor shall add the rates determined under subsection (1) of this section and the

16 consolidated rate under ORS 310.236 for the exempt bonded indebtedness category. The total shall

17 be the Measure 5 assessed value rate.

18 **SECTION 3.** ORS 250.038 is amended to read:

19 250.038. (1) In addition to meeting other applicable requirements of this chapter:

20 (a) The ballot title for a measure authorizing the imposition of local option taxes shall contain

21 the statement required by ORS 280.070 (4) and the information required by ORS 280.070 (5);

22 (b) The ballot title for a measure authorizing the establishment of a permanent rate limitation**,**

23 **or a measure authorizing an increase in the permanent rate limitation of a school district,**

24 shall contain the information required by ORS 280.070 (6); and

25 (c) Except as provided in subsection (2) of this section, the front of the outer envelope in which

26 the ballot title is delivered shall state, clearly and boldly printed in red, one of the following state-

27 ments:

28 (A) For a measure authorizing the imposition of local option taxes, "CONTAINS VOTE ON

29 PROPOSED TAX INCREASE"; or

30 (B) For a measure authorizing a renewal of current local option taxes, "CONTAINS VOTE ON

31 RENEWAL OF CURRENT LOCAL OPTION TAXES."

32 (2) If a ballot contains a measure authorizing the imposition of local option taxes and a measure

33 authorizing the renewal of a current local option tax, the front of the outer envelope in which the

34 ballot is delivered shall state, clearly and boldly printed in red, "CONTAINS VOTE ON PROPOSED

35 TAX INCREASE."

36 **SECTION 4.** ORS 280.070 is amended to read:

37 280.070. (1) An election within a county for the purpose of approving a tax levy or tax rate un-

38 der ORS 280.060 shall be called by the county court or board of county commissioners and shall be

39 held on a date specified in ORS 203.085.

40 (2) An election within a city for the purpose of approving a tax levy or tax rate under ORS

41 280.060 or under **Article XI,** section 11 (3)(c), [*Article XI*] of the Oregon Constitution, shall be called

42 by the governing body of the city and held on a date specified in ORS 221.230.

43 (3) An election within a political subdivision other than a county or city for the purpose of ap-

44 proving a tax levy or tax rate under ORS 280.060 or under **Article XI,** section 11 (3)(c) **or section**

45 **11m**, [*Article XI*] of the Oregon Constitution, shall be called by the governing body of the subdivi-

1 sion and held on a date specified in ORS 255.345.

2 (4)(a) Except as provided in paragraph (b) of this subsection, the ballot title for a measure au-

3 thorizing the imposition of local option taxes shall contain the following additional statement:

4 _____

5

6 This measure may cause property taxes to increase more than three percent.

7 _____

8

9 (b) The ballot title for a measure authorizing the renewal of current local option taxes shall

10 contain the following additional statement:

11 _____

12

13 This measure renews current local option taxes.

14 _____

15

16 (c) The statement required by this subsection shall be placed after the question on the ballot

17 title and may not be considered for purposes of the word count limitations under ORS 250.035.

18 (5) As part of the question, the ballot title for a measure authorizing or renewing the authori-

19 zation of the imposition of local option taxes shall state:

20 (a) The length in years of the period during which the proposed local option tax will be imposed.

21 (b) The first fiscal year in which the proposed local option tax will be imposed.

22 (6) As part of the question, the ballot title for a measure authorizing the establishment of a

23 permanent rate limitation **or an increase in a permanent rate limitation of a school district**

24 shall contain the following information:

25 (a) The tax rate per $1,000 of assessed value of the proposed permanent rate limitation.

26 (b) The first fiscal year in which the proposed permanent rate limitation will be imposed.

27 (7) The ballot title for a measure authorizing the imposition of local option taxes or a permanent

28 rate limitation shall be in compliance with ORS 250.036.

29 **SECTION 5.** ORS 328.579 is amended to read:

30 328.579. (1) If a school district is divided into tax zones under ORS 328.570 to 328.579, the dis-

31 trict board shall determine, make and declare each item of ad valorem property tax, as set forth in

32 ORS 310.060 (2), for each zone established in the district when the district board adopts its budget

33 for any fiscal year.

34 (2) The operating tax rate for each tax zone of the district may not exceed the lesser of the

35 statutory or permanent rate limit for operating taxes of the district established under ORS 310.200

36 to 310.242 or **Article XI,** section 11 (3) **or section 11m**, [*Article XI*] of the Oregon Constitution.

37 **SECTION 6. This 2013 Act does not become effective unless the amendment to the**

38 **Oregon Constitution proposed by House Joint Resolution 7 (2013) is approved by the people**

39 **at the regular general election held in November 2014. This 2013 Act becomes effective on the**

40 **effective date of that amendment.**

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