



April 24, 2019

Representative Alissa Keny-Guyer, Chair
House Committee on Human Services and Housing
900 Court Se. NE
Salem, OR 97301

Re: Eugene's Opposition to SB 543

Dear Chair Keny-Guyer and Members of the Committee,

The City of Eugene supports the Legislature's interest in providing for enhanced services for children, yet strongly opposes SB 543 as the vehicle to achieve this outcome. If this bill moves forward, it must include the ability for the locally elected boards of existing taxing districts to authorize the creation of a new taxing district. For Eugene, SB 543 could result in duplicating existing services, adversely impacting other general government services that are also critical for children such as public safety, and reduce services for children that are currently provided through property-tax supported programs funded through our Library Recreation and Cultural Services Department.

- 1. Duplication of Existing Services:** Currently, the City of Eugene either delivers services outlined in SB 543 directly through our Library, Recreation and Cultural Services Department or provides financial support for the same services through partnerships with Eugene School District 4J and Bethel School District. As a result of existing partnerships, programs and funding support, there is not adequate need to justify a new children's service district in our community, particularly given the adverse impacts that are likely in other property-tax supported services
- 2. Compression:** SB 543 would grant children's special districts the right to collect a permanent property tax rate, and because Section 2(1)(b) places the entire burden on the general government side of the equation, municipal service providers would be heavily impacted in years when Measure 5 compression is triggered. In a compression environment, the revenues derived from levies of general government taxing jurisdictions in an area are reduced, or "compressed" until the total tax bill assessed on a property is \$10 per \$1,000 of Real Market Value (RMV). Allowing a new taxing district to operate in this arena would cause compression to be triggered even sooner, and would compress the revenues cities and counties are able to collect even more

In addition, even in years when market value growth mitigates compression, the existence of another general government taxing district would put jurisdictions closer to compression. Since local option levies are first to be removed from a tax bill when compression occurs,

allowing children's service districts could have the unintended consequence of rendering local option levies less effective, weakening an important funding tool for local jurisdictions.

- 3. Reduce Children's Services:** Due to impacts of compression, existing programs for youth within our community funded through general government property taxes within the general government category, could actually result in a decrease of children's services across the community, despite the creation of a children's service district. Essentially, the new dedicated funding could be less than the current funding that would need to be reduced from compression or reallocated for critical needs also experiencing compression at the city and county level.

As the Legislature is working on numerous revenue and funding scenarios to support schools, increase housing options, and address a public pension funding gap, the passage of new legislation that would increase taxing districts seems to be counter to these other initiatives. We believe a more efficient model for addressing the service needs outlined in SB 543 is through current programs or expanded programs funded through existing taxing authorities.

If the Committee does move to support SB 543, we request that it include the -2 amendment provided by Representative Schouten and those proposed by Senator Monnes Anderson today. These small amendments would subject children's districts to local budget laws and require them to file a notice with the assessor like other taxing districts with their property tax rates and categorizations (bond, education, and local government) for Measure 5 purposes each year and they would provide more opportunity for involvement by the local municipal government and school districts that would be impacted by the creation of a new taxing district. This opportunity would be crucial to a thorough and comprehensive community dialogue regarding the costs and benefits, prior to the creation of a new taxing district.

Thank you for considering these points and we respectfully request that you Oppose SB 543 unless amended to provide oversight by the existing locally elected taxing district officials.

Sincerely,

Submitted electronically

Ethan Nelson
Intergovernmental Relations Manager