

SB 543 -2 STAFF MEASURE SUMMARY

House Committee On Human Services and Housing

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Meeting Dates: 4/24, 5/15, 5/22

WHAT THE MEASURE DOES:

Authorizes formation of children's special districts and provides districts the authority to assess, levy and collect taxes to pay the cost of children's services within the boundaries of the district. Defines children's services as services that support children's total health and well-being that are provided to children outside of school hours. Requires district to discontinue a project if an action is filed claiming that any revenue of the district is subject to the \$5 limitation per \$1,000 of real market value under Article XI, section 11b, of Oregon Constitution. Requires petition for formation of children's special district to be signed by greater of 10 percent or more of electors in territory or 100 electors. Aligns formation and changes of organization of children's special districts with existing special district statutes.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-2 Requires a valid claim be filed before a children's service district is required to discontinue the project and divert revenue to a project that does not constitute educational services.

BACKGROUND:

Special districts are a rapidly growing form of government in the United States. Special districts provide one service, and all funds collected are used on that service, allowing special districts to focus on a particular service.

ORS 198.010 and 198.335 authorize 28 types of districts: water control, irrigation, ports, regional air quality control authorities, fire, hospital, mass transit, sanitary districts and authorities, people's utility, domestic water supply districts and authorities, cemetery, park and recreation, metropolitan service, special road, road assessment, highway lighting, health, vector control, water improvement, weather modification, geothermal heating, transportation, county service, chemical control, weed control, emergency communications, diking, and soil and water conservation districts.

Special Districts are financed through property taxes, fees for services, or a combination thereof. Most special districts are directed by a governing body elected by the voters. Changes to current law provided by the measure will allow for the creation of children's special districts, however, no children's special districts will be created directly because of the measure. ORS 198.705 - 198.955 provide the general requirements for formation of new special districts. ORS 198.815 requires proposals for formation that include a permanent rate limit for operating taxes of a proposed district to be voted on in either a May or November election.

Article XI, Section 11b. of the Oregon Constitution states:

Property tax revenues are deemed to be dedicated to funding the public school system if the revenues are to be used exclusively for educational services, including support services, provided by some unit of government, at any level from pre-kindergarten through post-graduate training.