



April 19, 2023

TO: House Revenue Committee
FR: Morgan Allen, COSA
RE: Testimony in support of House Bill 3221

Chair Nathanson and members of the House Revenue Committee,

On behalf of COSA, we offer our support for House Bill 3221. Our members endorse the ability of local voters to raise additional funds to support their K-12 schools using local option levies. House Bill 3221 is a necessary update to Oregon's State School Fund statutes that will ensure that all school districts can collect the full value of local option levies approved by voters.

Background

Local option levies are available to school districts and tax the gap between assessed value and the real market value of assessed properties. When the housing market and economy is strong, this gap widens and, coupled with inflation, creates more local option revenue.

Coupled with HB 2632 (2013 Session), which closed a loophole that previously allowed school district local option money to be siphoned off to urban renewal districts, still more funds can be collected by school district local option levies under the provisions of Measures 5 and 50.

State School Fund Issues

When local option levies were created in the 1990's, the State School Fund created limits on how much would be exempt from local revenue calculations as funding equalization was phased in. These limits were increased in 2003 and 2007/2008 and 2017 to reflect inflation and the growth in funds that could be collected under local option levies.

In the case of Portland Public Schools (PPS), the current statutory limits in the State School fund have not kept pace with the explosive growth in property values. Without the changes in HB 3221, it could mean that local option funds approved by PPS voters for their district would count against their State School Fund allocations and financially penalize the district.

HB 3221 Allows for Local Option Collection Growth

House Bill 3221 ensures that PPS can maximize the support of their voters and constituents through local option levies by:

- Updating the per ADMw limit for local option levies to \$3500 and allowing for annual increases of either 5% or the Consumer Price Index (whichever value is higher); and
- Deleting the current cap that prohibits local option levies from exceeding 25% of the amount received by the school district for the State School Fund (SSF).

HB 3221 ensures that local option levies can be collected as voters intended. COSA urges your "Yes" vote for this critical legislation for Oregon's largest school district.