

MEASURE 6, MEASURE 11 AND OREGON'S TAX SYSTEM

1. PROPERTY TAX PAYMENTS

	PRESENT SYSTEM	MEASURE 6	MEASURE 11
HOMEOWNERS	Taxes equal to locally determined tax rate times assessed value of property. Homeowners and Renters Relief Program (HARRP) provides up to \$655 refund to homeowners with incomes of less than \$16,000.	Property taxes limited to \$15 per \$1000 of assessed value, plus amounts for existing bonds, <u>times</u> the usually reduced assessed value.	Generally, the state would pay half of the taxes levied on owner occupied principal residences up to a maximum payment of \$1500.
RENTERS	Renters pay no direct property taxes. Portion of rent used by landlord to pay taxes. HARRP provides up to \$328 refund to renters with incomes of less than \$16,000.	No additional direct relief. No provision for change in HARRP.	State would pay renters a refund equivalent to one-half of the portion of rent paid for taxes. No provision for change in HARRP.
FARMERS	Taxes equal to tax rate times assessed value. Certain farmlands assessed at farm use value.	Property taxes limited to \$15 per \$1000 of assessed value, plus amounts for existing bonds, times assessed value. Specially assessed farmland would be assessed at lesser of a) farm use value or b) 1975 market value plus 2 percent per year.	No change from present system, except that state would pay half of taxes on farm homesteads.



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	PRESENT SYSTEM	MEASURE 6	MEASURE 11
BUSINESS/ INDUSTRY	Taxes equal to tax rate times assessed value.	Property taxes limited to \$15 per \$1000 of assessed value, plus amounts for existing bonds, <u>times</u> the usually reduced assessed value.	No change from present system. No direct relief provided by state.

2. ASSESSMENT SYSTEM

ASSESSMENT OF PROPERTY	With certain exceptions, property in Oregon is now assessed at its <u>true cash value</u> , the price a willing buyer would pay a willing seller.	Property would be assessed at 1975 values plus 2 percent per year. Newly constructed, purchased or transferred property would be assessed at market value at time of change.	In 1980, the assessed value of property would be frozen at 1979 levels. Otherwise, it is the same as the present system. The 1979 legislature would "review, study, and revise as necessary" existing assessment laws and practices.
APPORTIONMENT OF TAXES	Property taxes are generally shared among the property owners in direct proportion to the current market value of their holdings.	Property taxes would be shared on the basis of 1975 market value and length of ownership. Owners of recently constructed, purchased, or transferred property would pay a higher share of taxes than owners of similar properties that had not been recently constructed, purchased or transferred.	Taxes would continue to be apportioned among property owners on the basis of the current market value of property, except during 1980 when it would be apportioned on the basis of 1979 market values.

3. LOCAL GOVERNMENT

REVENUES	<p>For local governments with voter approved <u>tax bases</u>, the tax levy may increase 6 percent each year without voter approval. Tax levies outside the 6 percent limitation must be approved by the voters.</p> <p>For local governments without tax bases, all property tax levies must be approved by voters.</p>	<p>In addition to limits in the present system, 3 new restrictions would be placed on local taxing power: (1) Because of the 1.5 percent limitation, maximum local tax rates for individual governments would probably be determined by the state government. This would limit property tax revenues. Voters could not approve property tax levies above that limit. (2) New taxes based on the value or sale of property would be prohibited. (3) Special taxes may be created only with approval of two-thirds of qualified voters.</p>	<p>In addition to limits in the present system, expenditures funded by property taxes could not grow faster than the rate of population growth, adjusted by a price change index. Voters could approve taxes beyond this limit. This limit could not be less than that allowed under the 6 percent limitation.</p> <p>The state generally would not share payment of the additional property taxes beyond these limits, even if voters approved such taxes.</p> <p>The effect on local revenues would depend on the response of local governments and voters to this new limit.</p>
SPENDING	No overall limit on local spending. Local governments cannot spend more than they receive in revenues.	<p>No overall spending limit.</p> <p>The reduction in property taxes would result in a reduction in local spending and services, or some increase in local non-property tax revenues unless the state or Federal government increased their funding to local governments.</p>	<p>No overall spending limit.</p> <p>The effect on local spending would depend on the response of local governments and voters to the new limit on expenditures funded by property taxes.</p>
BONDS	<p>Voters approve most local bond measures.</p> <p>Local governments can guarantee repayment of certain bonds through their power to levy taxes on property.</p>	Local governments could not make the same guarantee of repayment of bonds under the 1.5 percent limitation. The capacity of local governments to sell bonds would be impaired.	No direct effect.

4. STATE GOVERNMENT

REVENUES	Generally, a simple majority vote of the Oregon legislature is needed to enact any law increasing existing state taxes or creating any new state tax.	A two-thirds vote of the Oregon legislature would be needed to enact any law increasing existing state taxes as sources of revenue.	The state legislature could not enact any tax measure increasing revenues from a tax category (such as income tax, cigarette tax) by 5 percent or more from the pre-
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	The total revenue from income taxes and other state taxes can increase "automatically" as personal income and population increase, without additional legislation.	"Automatic" tax increases would be permitted, as under present system. New taxes on transfer or value of property would be prohibited.	previous biennium without a two-thirds vote of approval. As under the present system, "automatic" tax increases would be permitted.
SPENDING	No overall limit on spending. The state may not spend more than it receives in revenues.	No overall limit on spending.	State general fund spending would be limited to the growth rate of personal income in Oregon in the previous 2 years. Mandated homeowner and renter relief, debt service, and reimbursements by local governments would be exempt from this limit. The state would be mandated by the state constitution to return state personal income tax revenues to homeowners and renters as property tax relief. Measure 11 would probably reduce spending for new programs and could reduce funding for existing state programs.
SURPLUS	There is no specific provision to return unspent state revenues.	There is no specific provision to return unspent state revenues.	When state general operating revenues exceed appropriations by 2 percent or more, the total amount of surplus funds would be refunded to taxpayers in proportion to their income tax payments. None of this surplus would carryover into the next biennium.
BONDS	The state's bonding capacity and, therefore, its ability to issue such loans as the Veterans Home and Farm loans is generally limited to a percentage of the total assessed value in Oregon.	Because assessed value would be rolled back to a 1975 base, less money would be available for state loans. That would slow the issuance of new loans.	Because assessed value in 1980 would be frozen at a 1979 base, issuance of new loans would be slowed during 1980.

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